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## 1977 BUDGET EXPLANATORY NOTES

Rural Development Service  
Rural Electrification Administration  
Farmers Home Administration

Soil Conservation Service

LANGUAGE CHANGES





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(Volume 3)

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RURAL DEVELOPMENT SERVICE

Purpose Statement

The Rural Development Service was established by Secretary's Memorandum No. 1730, Supplement 1, dated September 3, 1971. The central responsibility of the Rural Development Service is expressed in Section 603 of the Rural Development Act of 1972, which directs that the Secretary of Agriculture assume responsibility for coordinating a nationwide rural development program utilizing the resources of all Federal departments and agencies in coordination with state and local government rural development programs.

The basic goal to be accomplished by RDS is to ensure to the extent possible that rural communities receive an equitable share of resources and services, and through improved coordination and communication activities, enable them to better compete with metropolitan areas for available resources and services. This will be achieved by:

- (a) Increasing the awareness among program managers of the effects of their decisions on rural areas, and working with them to make their resources more accessible to rural communities;
- (b) Providing guidance and technical assistance and resource information to state and local elected officials, public bodies, private organizations, and individuals seeking Federal assistance in rural development;
- (c) Training rural leaders in the essential techniques of local development.

All staff employed by RDS are located in Washington, D.C.

Available Funds and Manyears  
1975 and Estimated 1976 and 1977

Item	Actual 1975		Estimated 1976		Budget Estimate 1977	
	Amount	Man-years	Amount	Man-years	Amount	Man-years
Rural Development Service ...	\$ 990,000	24	\$1,341,000	33	\$1,434,000	35
Deduct allotment to other agencies .....	-25,000	-1	---	--	---	--
Total, Rural Development Service .....	965,000	23	1,341,000	33	1,434,000	35

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
End-of-Year Employment:			
Permanent Full-Time .....	30	35	35
Other .....	2	1	1
Total .....	<u>32</u>	<u>36</u>	<u>36</u>

Rural Development Service

Appropriation Act, 1976 .....	\$1,305,000
Budget Estimate, 1977 .....	<u>1,434,000</u>
Increase in Appropriation .....	+129,000

Adjustments in 1976:

Appropriation Act, 1976 .....	\$1,305,000
1975 Supplemental Appropriation for Pay Costs .....	<u>36,000</u>
Adjusted Base for 1977 .....	1,341,000
Budget Estimate, 1977 .....	<u>1,434,000</u>
Increase over Adjusted 1976 .....	<u>+93,000</u>

SUMMARY OF INCREASES  
(On basis of adjusted appropriation)

	<u>1976</u> <u>Estimate</u>	<u>Increase or</u> <u>Decrease</u>	<u>1977</u> <u>Estimate</u>
National Rural Development			
Leaders School .....	\$ 86,000	\$ -40,000	\$ 46,000
Within-grade salary increases .....	---	+10,000	10,000
GSA space rental cost .....	30,000	+1,000	31,000
Federal Assistance Program			
Retrieval system .....	---	+109,000	109,000
Annualization of pay cost increase			
effective in 1976 .....	36,000	+13,000	49,000
All other .....	<u>1,189,000</u>	---	<u>1,189,000</u>
Total .....	<u>1,341,000</u>	<u>+93,000</u>	<u>1,434,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975 Actual	1976 Estimate	Increase	1977 Estimate
1. Program coordination and direction .....	\$865,740	\$1,341,000	\$93,000(1)	\$1,434,000
Unobligated balance .....	<u>124,260</u>	---	---	---
Total available or estimate ...	<u>990,000</u>	<u>1,341,000</u>	<u>93,000</u>	<u>1,434,000</u>
Proposed supplemental for pay				
increased costs .....	---	-36,000		
Total, appropriation .....	<u>990,000</u>	<u>1,305,000</u>		

## EXPLANATION OF PROGRAM

The Rural Development Service was established by Secretary's Memorandum No. 1730, dated May 13, 1971, and Supplement No. 1, dated September 3, 1971. RDS provides coordination for the programs of USDA and other departments and agencies of the Federal Government that can be brought to bear on the problems of development in rural areas. It also assists the Secretary in carrying out his responsibilities under the coordination requirements of the Rural Development Act of 1972. The Rural Development Service conducts regional rural development conferences to discuss responsibilities and working relationships in rural development, and provides information and technical assistance to the public, state and local governments, Congress, and other departments and agencies in the Federal Government seeking assistance in rural development.

## JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$93,000 for rural development coordination and direction consisting of:

(a) A decrease of \$40,000 for national rural development leaders school (\$86,000 available in 1976).

(b) An increase of \$10,000 for within-grade salary increases. Within-grade increases are estimated to total about \$10,000, based on an analysis of positions filled or expected to be filled and the dates the within-grade increase of each employee will become due. With the small turnover in personnel, the alternative to this increase is for the Service to reduce employment.

(c) An increase of \$1,000 for GSA space rental costs pursuant to P.L. 92-313 (\$30,000 available in 1976).

(d) An increase of \$109,000 for Federal Assistance Program Retrieval System. This increase is needed to operate the system that will be completed and ready to provide information needed by rural community and governmental leaders to assist in rural development programs. With this system in operation, rural development information will be instantly available for local citizens in the USDA Agricultural Service Centers as they are developed.

Part of the operation will be performed under contract, by computer technology firms which are equipped to perform the programming and updating of the system. Terminal rental and computer access time will also be under contract. The system will have to be updated daily if it is to provide accurate and useful information to the citizen users. There will be some work necessary to the operation that will have to be performed by the Rural Development Service such as assembling data for programming and updating, and evaluation of the system.

(e) An increase of \$13,000 for annualization of pay cost increase effective in 1976 (\$36,000 available in 1976).



### Status of Program

The Rural Development Service was established to help people who live in rural America by ensuring that Federal agencies and departments extend their programs and resources to all rural areas. RDS also assists and advises organizations and individuals involved in rural development efforts, and provides staff assistance to the Secretary of Agriculture in carrying out his responsibilities under the Rural Development Act of 1972.

### Summary of Major Agency Programs

Rural Health Study - The recently completed study, "A Practical Framework for Developing Rural Health Care," developed an integrated conceptual model of rural health care needs and facilities and contrasted the conceptual model against the actual conditions of rural health care in northern Mississippi. A primary objective was to develop criteria for planning local health care delivery systems in rural areas. In addition, the study suggests standards and guidelines for the Farmers Home Administration to use in approving applications for funding rural health care facilities under Title I, the community facilities portion, of the Rural Development Act of 1972.

National Rural Development Leaders School - The Rural Development Service has conducted one national and four regional rural development leaders schools. The regional schools covered the northeastern, southern, northwestern, and western United States. Each school has approximately 110 participants from rural communities. The schools stress the practical aspects of community development with emphasis on the solution of the rural life problems which confront rural leaders and residents as they undertake the community development process. Participants at the school usually are local government officials (small town mayors, rural county commissioners, and other rural government officials), local leaders in rural communities, and members of various public groups interested in rural America.

In addition to the rural leaders schools, the Rural Development Service conducted two rural development roundtables for state and local government officials and other local community leaders during fiscal year 1975. It is expected that the training of rural citizens will expand during fiscal year 1976 to include work with new public and private interest groups.

Technical Assistance for State and Local Governments - The Rural Development Service has established a one-stop service center for state and local government officials and interested rural community leaders seeking Federal assistance. Requests for assistance are answered with the identification of available and applicable Federal programs and with other services needed to help the applicant obtain the assistance needed. This service is a significant step forward in coordinating and expediting efforts of the Federal establishment to help rural America.

Operational Community Assistance - Expected to be in fiscal year 1976 is a computerized information retrieval system which will permit a community very rapid access to the information it seeks to fill community development needs.

This near-instant retrieval of information about development programs will be available from the Rural Development Service from field terminals of USDA agencies and from terminals operated by other legitimate interests. Loaded into the computer are all programs of the Federal Government which have provisions of assistance applicable to rural areas. A simple keyboard operation retrieves the information on demand. This will be a tremendous aid in helping rural areas to identify and gain access to funds and technical assistance they are eligible to receive.

Information Service - RDS responds to a vigorous and increasing public and Congressional demand for information and publications about rural development. The RDS library of such information includes material from agencies of USDA and other Federal departments. RDS activities also include inter-agency editing and publishing services and other public information functions.

Federal Program Coordination - The Rural Development Service has worked with non-USDA departments and agencies in the promulgation of new legislative proposals and in the development of Federal regulations in such fields as health services, rural transportation, housing and community development, and recreation. Additionally, contact has been made with program managers throughout the executive branch to improve the delivery of existing programs to the rural sector.





## RURAL ELECTRIFICATION ADMINISTRATION

### Purpose Statement

#### Rural Electrification Administration

The Rural Electrification Administration was established by Executive Order 7037 on May 11, 1935 to make loans for the extension of central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. REA became a part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the Act to authorize loans for the furnishing of rural telephone service.

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, to establish a "Rural Electrification and Telephone Revolving Fund" (RETRF) for the purpose of making insured loans to REA electric and telephone borrowers. This Act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. Insured loans bear either two or five percent interest in accordance with criteria specified in the Act, and must be repaid within a period not to exceed 35 years.

The headquarters of REA is Washington, D.C. As of November 1975, there were 772 full-time employees in permanent positions. Of these, 595 are Washington-based and 177 are field employees. REA does not maintain field offices and the field personnel work out of their homes.

#### Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the bank's debentures.

Public Law 93-32, approved May 11, 1973, further amended the Act to increase the bank's borrowing authority from eight to 20 times its paid-in capital and retained earnings, and to eliminate the previously required disclaimer of any government guarantee on debentures issued by the bank. It also provided that the bank charge a single interest rate, based on the average cost of money to the bank, but not less than 5 percent per annum, in lieu of the former provision for a range of interest rates on loans based on the borrowers' ability to pay. Bank loans must be fully amortized over a period not to exceed 50 years. Nearly all loans to date have been for 35-year periods.

The Rural Telephone Bank is managed by a telephone bank board consisting of 13 members. The Administrator of REA serves as Governor of the bank until conversion to private ownership, control, and operation, which takes place whenever 51 percent of the Class A stock issued to the United States and outstanding at any time after June 30, 1985, has been fully redeemed and retired. The bank board holds at least four regularly scheduled meetings a year. Activities of the bank are carried out by the existing REA employees and employees of the Office of the General Counsel.

Available Funds and Manyears  
1975 and Estimates, 1976 and 1977

Item	Actual 1975		Estimated Available 1976		Budget Estimate 1977	
	Amount	Man-years	Amount	Man-years	Amount	Man-years
Rural Electrification Administration:						
Salaries and expenses .....	\$ 19,675,000	773	\$ 20,713,000	797	\$ 21,409,000	797
Loan authorizations:						
Rural electrification:						
Insured loans:	700,000,000	---	750,000,000	---	750,000,000	---
Loan guarantees .....	1,286,000,000	---	1,286,000,000	---	1,286,000,000	---
Total electrification loans:	1,986,000,000	---	2,036,000,000	---	2,036,000,000	---
Rural telephone:						
Insured loans:	200,000,000	---	250,000,000	---	250,000,000	---
Loan guarantees .....	200,000,000	---	250,000,000	---	220,000,000	---
Total telephone loans .....	400,000,000	---	500,000,000	---	470,000,000	---
Total loan authorizations ..	2,386,000,000	---	2,536,000,000	---	2,506,000,000	---
Rural Telephone Bank .....	923,555,340	---	958,900,000	---	1,065,230,000	---
Obligations under other USDA Appropriations:						
Office of Secretary, for RDS support .....	10,000	---	---	---	---	---
Total Agriculture Appropriations ...	3,329,240,340	773	3,515,613,000	797	3,592,639,000	797
Other funds, reimbursements ..	9,000	---	15,000	---	15,000	---
Total, Rural Electrification Administration and Rural Telephone Bank .....	3,329,240,340	773	3,515,628,000	797	3,592,654,000	797

	1975 Actual	1976 Estimated	1977 Estimated
End-of-Year Employment:			
Permanent Full Time .....	758	739	739
Other .....	9	10	10
Total .....	<u>767</u>	<u>749</u>	<u>749</u>









DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION  
Rural Electrification and Telephone Revolving Fund

(a) Loan Authorizations

	<u>Loan Authorizations</u>	<u>Estimated Obligations for Loans and Interest Expense</u>
<u>Electrification Loans:</u>		
Insured Loan Program:		
Appropriation Act, 1976 .....	\$ 750,000,000	\$ 758,028,000
Budget Estimate, 1977 .....	750,000,000	796,307,000
Change .....	---	+38,279,000
Loan Guarantees:		
Appropriation Act, 1976 .....	1,286,000,000	1,286,000,000
Budget Estimate, 1977 .....	1,286,000,000	1,286,000,000
Change .....	---	---
Increase Over 1976 .....	---	+38,279,000
<u>Telephone Loans:</u>		
Insured Loan Program:		
Appropriation Act, 1976 .....	250,000,000	252,273,000
Budget Estimate, 1977 .....	250,000,000	262,833,000
Change .....	---	+10,560,000
Loan Guarantees:		
Appropriation Act, 1976 .....	250,000,000	250,000,000
Budget Estimate, 1977 .....	220,000,000	220,000,000
Change .....	-30,000,000	-30,000,000
Increase Over 1976 .....	-30,000,000	-19,440,000

SUMMARY OF INCREASES AND DECREASES  
(On basis of loan authorizations)

	<u>1976</u>	<u>Decrease</u>	<u>1977 Estimate</u>
Rural Electrification Program:			
Insured loans .....	\$ 750,000,000 <u>a/</u>	---	\$ 750,000,000
Loan guarantees .....	1,286,000,000 <u>b/</u>	---	1,286,000,000
Total .....	2,036,000,000	---	2,036,000,000
Rural Telephone Program:			
Insured loans .....	250,000,000 <u>c/</u>	---	250,000,000
Loan guarantees .....	250,000,000 <u>b/</u>	\$-30,000,000	220,000,000
Total .....	500,000,000	-30,000,000	470,000,000
Total loan authorization ..	<u>2,536,000,000</u>	<u>-30,000,000</u>	<u>2,506,000,000</u>

PROJECT STATEMENT  
(On basis of loan authorizations)

Project	1975 Actual	1976 (Estimated)	Increase or Decrease	1977 (Estimated)
1. Rural electrification loans:				
Insured loans ..	\$ 700,000,000 <sup>d</sup>	\$ 750,000,000 <sup>a</sup>	---	\$ 750,000,000
Loan guarantees :	1,286,000,000 <sup>b</sup>	1,286,000,000 <sup>b</sup>	---	1,286,000,000
Total .....	1,986,000,000	2,036,000,000	---	2,036,000,000
2. Rural telephone loans:				
Insured loans ..	200,000,000 <sup>e</sup>	250,000,000 <sup>c</sup>	---	250,000,000
Loan guarantees :	200,000,000 <sup>b</sup>	250,000,000 <sup>b</sup>	\$-30,000,000	220,000,000
Total .....	400,000,000	500,000,000	-30,000,000	470,000,000
Total loan authorization .....	2,386,000,000	2,536,000,000	-30,000,000	2,506,000,000

a/ The Appropriation Act for Fiscal Year 1976 provides an indefinite authorization of not less than \$750,000,000, but not more than \$900,000,000.

b/ Budget estimates, no limitations were set forth in the Appropriation Act.

c/ The Appropriation Act for Fiscal Year 1976 provides an indefinite authorization of not less than \$250,000,000.

d/ The Appropriation Act for Fiscal Year 1975, Public Law 93-563, provided an indefinite authorization of not less than \$700,000,000.

e/ The Appropriation Act for Fiscal Year 1975, Public Law 93-563, provided an indefinite authorization of not less than \$200,000,000.

PROJECT STATEMENT  
(On basis of actual or estimated obligations for loans and interest expense)

Project	1975 Actual	1976 (Estimated)	Increase or Decrease	1977 (Estimated)
1. Rural electrification loans:				
Interest expense:\$	---	\$ 8,028,000	\$+38,279,000 (1)	\$ 46,307,000
Insured loans ..	700,000,000	750,000,000	---	750,000,000
Loan guarantees :	1,206,343,000	1,286,000,000	---	1,286,000,000
Total .....	1,906,343,000	2,044,028,000	+38,279,000	2,082,307,000
2. Rural telephone loans:				
Interest expense:	---	2,212,000	+10,621,000 (2)	12,833,000
Insured loans ..	199,939,000 <sup>a</sup>	250,061,000	-61,000 (3)	250,000,000
Loan guarantees :	200,000,000	250,000,000	-30,000,000 (4)	220,000,000
Total .....	399,939,000	502,273,000	-19,440,000	482,833,000
Total .....	2,306,282,000	2,546,301,000	+18,839,000	2,565,140,000

a/ Includes \$61,000 of 1975 authorization carried forward and to be obligated in 1976.

# EXPLANATION OF ELECTRIC AND TELEPHONE LOAN PROGRAM

The loan authorizations of the Rural Electrification Administration are used to carry out the provisions of the Rural Electrification Act of 1936, as amended. The objective is to assure that rural communities have access to reliable electric and telephone service. REA conducts two loan programs: (1) the rural electrification program, to provide central station electric service to farms and other rural establishments; and (2) the rural telephone program, to furnish and improve telephone service in rural areas.

Insured loans are financed from the Rural Electrification and Telephone Revolving Fund (RETRF) and bear interest at either a standard rate of 5 percent or a special rate of 2 percent, in accordance with criteria specified in the Act, and must be repaid within a period not to exceed 35 years. Non-REA loans guaranteed by REA bear interest rates agreed upon by the lender and the borrower.

## Electrification Program Statistics (Dollars in thousands)

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
Cumulative net loans .....	\$10,064,663	\$10,814,663	\$11,752,163
Cumulative funds advanced .....	9,140,431	9,865,431	10,846,431
Unadvanced funds, end of year ...	924,232	949,232	905,732
Cumulative principal repaid .....	2,975,542	3,152,482	3,406,242
Cumulative interest paid .....	1,659,350	1,832,950	2,084,450
Cumulative loan guarantee commitments .....	2,180,776	3,466,776	5,074,776
Cumulative miles energized - calendar year (thousands) (estimate) <u>1/</u> .....	1,834	1,871	1,917
Cumulative consumers served - calendar year (thousands) (estimate) <u>1/</u> .....	8,158	8,569	9,083
Number of borrowers .....	979	980	980

1/ Data represents accomplishments from all sources of funds.

## Telephone Program Statistics (Dollars in thousands)

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
Cumulative net loans .....	\$2,487,335	\$2,737,396	\$3,049,896
Cumulative funds advanced .....	2,141,897	2,341,897	2,613,897
Unadvanced funds, end of year ...	345,438	395,499	435,999
Cumulative principal repaid .....	460,055	511,555	582,255
Cumulative interest paid .....	337,455	379,355	443,255
Cumulative loan guarantee commitments .....	200,000	450,000	733,000
Cumulative route miles of line constructed or improved - calendar year (thousands) (estimate) <u>1/</u> .....	668	688	708
Cumulative dial subscribers, new and improved services - calendar year (thousands) (estimate) <u>1/</u> .	3,494	3,859	4,249
Number of borrowers .....	859	864	870

1/ Data represents accomplishments from all sources of funds.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$38,279,000 in interest expense to fund loan advances in the electric program from the Rural Electrification and Telephone Revolving Fund (RETRF) (\$8,028,000 projected for 1976): During fiscal year 1976, the RETRF began borrowing from the Secretary of the Treasury to fund the loan advances to electric borrowers over what is received in principal and interest receipts. The interest expense during 1976 is expected to total \$8 million and rise to over \$38 million in 1977.

An insured electric loan level of \$750 million is projected for 1977, the same level as 1976. REA commitments to guarantee loans to electric borrowers are expected to total \$1,286 million during 1977, again the same as 1976. These levels, together with approximately \$100 million in supplemental financing from the National Rural Utilities Cooperative Finance Corporation, should enable REA to meet the high priority needs of borrowers to maintain and improve the quality of electric service in rural areas.

The following tables indicate the actual and estimated loan needs of REA electric borrowers through fiscal year 1977.

Distribution Program: Applications and Loans  
(Rounded to thousands)

	1975 <u>Actual</u>	1976 <u>Estimate</u>	Transition Quarter <u>Estimate</u>	1977 <u>Estimate</u>
<u>Loan Applications:</u>				
On hand at beginning of year .....	\$ 194,173	\$257,989	\$315,989	\$330,489
Estimated annual capital needs .....	<u>896,350</u> a/	<u>608,000</u>	<u>152,000</u>	<u>660,000</u>
Total applications for consideration during period .....	1,090,523	865,989	467,989	990,489
<u>Loans:</u>				
REA insured (2 percent)	86,336	162,000	41,000	200,000
REA insured (5 percent)	<u>363,607</u>	<u>288,000</u>	<u>71,500</u>	<u>250,000</u>
Total, REA insured ...	449,943	450,000	112,500	450,000
Non-REA supplemental (lien accommodation) ..	<u>127,170</u>	<u>100,000</u>	<u>25,000</u>	<u>90,000</u>
Total loans .....	577,113	550,000	137,500	540,000
Applications pending, end of year .....	<u>257,989</u> b/	<u>315,989</u>	<u>330,489</u>	<u>450,489</u>

a/ Reflects actual applications received.

b/ Reflects a net adjustment of \$-255,421.

Power Supply Program: Applications and Loans  
(Rounded to thousands)

	<u>1975</u> <u>Actual</u>	<u>1976</u> <u>Estimate</u>	<u>Transition</u> <u>Quarter</u> <u>Estimate</u>	<u>1977</u> <u>Estimate</u>
<u>Loan Applications:</u>				
On hand at beginning of year .....	\$ 233,774	\$ 723,215	\$1,657,215	\$1,889,215
Received during year ...	<u>2,037,137</u>	<u>2,530,000</u>	<u>632,000</u>	<u>2,530,000</u>
Total for consideration during year .....	2,270,911	3,253,215	2,289,215	4,419,215
<u>Loans Approved:</u>				
REA insured (2 percent)	18,664	18,000	5,000	25,000
REA insured (5 percent)	<u>231,393</u>	<u>282,000</u>	<u>70,000</u>	<u>275,000</u>
Total, REA insured ...	250,057	300,000	75,000	300,000
Non-REA with guarantee commitment .....	1,206,343	1,286,000	322,000	1,286,000
Non-REA (lien accommodation) .....	<u>37,801</u>	<u>10,000</u>	<u>3,000</u>	<u>10,000</u>
Total loans .....	1,494,201	1,596,000	400,000	1,596,000
Applications pending, end of year .....	<u>723,215</u> a/	<u>1,657,215</u>	<u>1,889,215</u>	<u>2,823,215</u>

a/ Reflects a net adjustment of \$-53,495 thousand.

- (2) An increase of \$10,621,000 in interest expense to fund loan advances in the telephone program from the Rural Electrification and Telephone Revolving Fund (RETRF) (\$2,212,000 projected for 1976): During fiscal year 1976, the RETRF began borrowing from the Secretary of the Treasury to fund the loan advances to telephone borrowers over what is received in principal and interest receipts. The interest expense during 1976 is expected to total \$2.2 million and rise to \$12.8 million in 1977.
- (3) A decrease of \$61,000 in insured telephone loans: This decrease results from a decrease in carryover authority. Sixty-one thousand dollars in unused 1975 authority was carried into 1976 and will be used. The same insured telephone loan authorization is requested for 1977 as was approved in 1976, but no carryover is projected for the end of fiscal year 1976.
- (4) A decrease of \$30,000,000 in telephone loan guarantee authority (\$250,000,000 available in 1976): With an insured loan program of \$250 million projected for 1977, the same as for 1976, REA commitments to guarantee loans to telephone borrowers are expected to total \$220 million during 1977, a \$30-million reduction from the 1976 level. These amounts, together with \$180 million from the Rural Telephone Bank, should enable REA to meet the urgent yearly capital needs of borrowers for the extension and improvement of rural telephone service and to continue to reduce the large backlog in applications on hand.

The following table indicates the actual and estimated loan needs of rural telephone borrowers through fiscal year 1977.



Telephone Applications and Loans  
(In thousands of dollars)

	<u>1975</u> <u>Actual</u>	<u>1976</u> <u>Estimate</u>	<u>Transition</u> <u>Quarter</u> <u>Estimate</u>	<u>1977</u> <u>Estimate</u>
<u>Loan Applications:</u>				
On hand at beginning of year .....	\$ 827,880	\$ 812,637	\$582,637	\$ 525,137
Received during year ...	<u>341,426</u>	<u>450,000</u>	<u>113,000</u>	<u>625,000</u>
Total for consideration during year .....	1,169,306	1,262,637	695,637	1,150,137
<u>Loans:</u>				
REA insured (2 percent)	70,000	110,000	28,000	130,000
REA insured (5 percent)	<u>129,939</u>	<u>140,000</u>	<u>34,500</u>	<u>120,000</u>
Total, insured loans .	199,939	250,000	62,500	250,000
Loan guarantee commitments .....	200,000	250,000	63,000	220,000
Rural Telephone Bank ...	<u>160,188</u>	<u>180,000</u>	<u>45,000</u>	<u>180,000</u>
Total loans .....	560,127	680,000	170,500	650,000
Applications pending, end of year .....	<u>812,637</u> <u>a/</u>	<u>582,637</u>	<u>525,137</u>	<u>500,137</u>

a/ Reflects a net adjustment of \$+203,458.

## STATUS OF PROGRAM

The Rural Electrification Administration is authorized by the Rural Electrification Act of 1936, as amended, to provide capital through insured loans and guarantees of loans by other lenders to qualified rural electric and telephone organizations. The objective of these programs is to help improve the quality of life in rural areas by assuring that rural communities have access to reliable electric and telephone service.

The Federal Financing Bank was established on December 29, 1973 to provide central funding for various Federal credit programs. REA has a loan commitment agreement with the Federal Financing Bank to provide loan funds for electric and telephone purposes under REA guarantee, up to a specified total which is subject to revision as required. For borrowers receiving an REA loan guarantee, the Federal Financing Bank is an attractive source of loan funds. Although interest rates charged by the Federal Financing Bank fully cover its costs, the efficiency of its operation in the money market results in more favorable interest rates than other agencies or borrowers could obtain in competition with each other for the same funds.

## GENERAL PROGRAM ADMINISTRATION

Borrowers' Financial Condition - As of June 30, 1975, approximately \$3.0 billion in principal repayments and \$1.7 billion in interest payments had been made by electric borrowers. Telephone borrowers had repaid \$460.1 million in principal and had made interest payments of \$337.5 million. On June 30, 1975, six electric borrowers were in arrears more than 30 days on debt repayment, with the delinquencies totaling \$1.5 million, a decrease of \$0.3 million from a year earlier. Five telephone borrowers were in arrears, with delinquencies totaling \$0.3 million, an increase of \$.076 million from last year.

The balance of advance payments by electric and telephone borrowers was \$168.1 million on June 30, 1975, a decrease of \$45.0 million from a year earlier and \$150.5 million from June 30, 1972. In the electric program, the advance payment balance dropped to \$148.2 million on June 30, 1975, a decrease of \$44.3 million from a year earlier and \$145.3 million from June 30, 1972. In the telephone program, the advance payment balance dropped to \$20.0 million on June 30, 1975, a decrease of \$0.6 million from June 30, 1974, and \$5.2 million from June 30, 1972. Borrowers are utilizing their accumulated advance payments in lieu of making their regular payments, thereby enabling them to finance a larger portion of their construction with their own funds.

Accounting and Auditing - REA Field Accountants are responsible for conducting accounting surveys and reviews of borrower accounting systems and procedures in both the electric and telephone programs. The main objectives of these reviews are to determine the propriety of loan fund expenditures, to evaluate the effectiveness of borrowers' internal accounting control systems, and to review the adequacy of the annual CPA audits. REA is interested not only in the effectiveness of the methods for recording and controlling of borrowers' assets, liabilities, and operations, but also in the accuracy of the resulting reports. Reliable reports aid management's control of operations, planning, forecasting, cash flow projections, loan security and program appraisal.

REA accountants are also responsible, in both the electric and telephone programs, for advising REA borrowers in the development, establishment, and proper maintenance of acceptable public utility accounting records systems. These areas of responsibility are carried out primarily at the field level by the permanent field accounting and auditing staff with supervision and technical assistance provided by the Washington office.

Through review of annual reports prepared by independent certified public accountants, the Washington headquarters staff monitors the financial progress of the agency's borrowers and brings significant findings to the attention of appropriate agency officials.

In addition, the review and evaluation of working papers supporting the audit reports of selected CPA's by Washington headquarters staff, determine compliance with REA requirements. If a CPA's work papers are evaluated as substandard, the agency's borrowers are notified, the CPA is placed on probation, and a future review is scheduled. This program has increased compliance with REA requirements, and in a minority of instances removed unsatisfactory CPA's from audits of borrowers' financial records.

Labor Relations - In representing the government as mortgagee and in furthering the objectives of the Rural Electrification Act, REA is concerned that its 1,800 active borrowers, employing almost 64,000 workers, adhere to sound labor/management policies and practices. REA provides advice to its borrowers to assist them in maintaining compliance with applicable Federal, state, and local laws and regulations. Economic data relating to employment and current wage developments of interest to these employers is also made available to them. This information, provided to the borrowers through publications and presentations at meeting sponsored by state and national associations, assists borrowers' management in achieving good working relationships with their employees and encourages stability in the day-to-day operations of REA-financed electric and telephone systems providing these vital utility services throughout rural America.

Occupational Safety - With enactment of the Occupational Safety and Health Act of 1970 (OSHA), REA found that many of the functions performed by its safety staff would now be performed by OSHA, such as the collection and analysis of borrower accident data. To avoid duplication, REA has therefore discontinued this record-keeping activity. However, REA personnel still continue to serve with national code and rule-making bodies to ensure that problems peculiar to rural electric and telephone borrowers are considered.

Insurance Requirements - REA borrowers are required to meet the insurance requirements set forth in their mortgage and loan contracts. REA assists its borrowers in meeting these requirements and provides consulting services for evaluating individual insurance proposals designed to provide for the individual borrower's requirements and protection.

Member Services - REA continues to assist borrowers in developing consumer information programs through which consumers are instructed in the efficient use of electricity on the farm and in the home. Particular emphasis is placed on energy conservation. Programs are also developed to inform cooperative members as to the purposes and benefits of the cooperative concept and to urge them to take part in cooperative and community affairs.

Community Development - In keeping with the Department's rural development objective of improving the quality of life in rural America, REA assists borrowers and their associations to organize all available resources to carry out programs and



promote individual projects. More stable and prosperous rural communities improve loan security and further the objectives of the Rural Electrification Act.

As grass roots organizations, the electric and telephone systems frequently take the lead in getting community support and mobilizing other local leaders for needed development activities. They participate in such activities as organizing local development corporations to help develop and finance businesses and industries, developing brochures describing the resources of an area, surveying the available labor supply in an area, seeking technical assistance and financial sources for prospective businesses and industries, forming organizations that can seek funds for construction of central water or sewer systems, determining housing needs in an area and helping locate funds for remodeling and new construction, and seeking technical assistance and financial sources for recreational projects and health facilities.

A survey conducted by REA indicates that during calendar year 1974, REA borrowers assisted 1,052 commercial, industrial and community facility projects which created over 39,000 new jobs in rural areas.

Civil Rights - It is the policy of REA that no person in the United States shall, on the grounds of race, color, creed or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the REA electric and telephone loan programs. Provisions requiring the extension of service on an area coverage basis have been in REA loan contracts since the 1940's. Allegations of discrimination in the extension of service by borrowers are extremely rare. It is also REA's policy that employment opportunities created by construction work involving Federal financial assistance through REA loans are made equally available to all qualified persons, without regard to race, color, religion, sex, or national origin.

REA encourages its borrowers to involve more minority groups in its programs and activities and has developed guidelines which borrowers may use for increasing minority member participation in the activities and affairs of cooperative-type borrowers. Borrowers are required to certify annually that they comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder. REA has a full-time Civil Rights Coordinator who coordinates the efforts of REA and its borrowers in carrying out this program. It also has a Civil Rights Specialist who assists the Coordinator in such efforts and serves as chairman of a group of REA employees who conduct civil rights progress reviews to determine the extent to which borrowers are complying with civil rights rules and regulations. Thirty-six reviews are made annually in various parts of the country.

To get minority representation at the policy-making level, cooperatives or mutual-type borrowers are encouraged to create at-large positions on boards of directors and select minority members to fill the newly created positions initially. These members serve until the next annual meeting at which time these positions are filled by the normal election procedure. Prior to 1969, only one black had ever served on a board of directors of an electric cooperative. As of November 20, 1975, there are 78 blacks and 119 other minority members serving on boards of directors.

During the period from 1970 to 1973, total employment in REA-financed systems increased from 51,808 to 57,412. During the same period, minority employment in the REA-financed systems increased from 5.0 percent in 1970 to 5.9 percent in 1974.

REA's civil rights program has been directed toward one goal: complying with the equal opportunity statutes with minimum delay and maximum benefits to REA borrowers. REA's technique has been the "soft sell" approach in informing borrowers why compliance is a good idea and good business rather than stressing the penalties which might accrue when the law is disobeyed, bypassed, or ignored. In keeping with this philosophy, more minority people are being employed in, or promoted to, higher level positions than ever before. With more effort being placed on programs that provide work experience for prospective employees, including minority groups, the opportunity for more members of minorities to be employed and reach higher levels will continue to be enhanced.

Foreign Assistance - As in past years, training activities were conducted on a reimbursable basis for the Agency for International Development. In fiscal year 1975, 88 representatives from 21 foreign countries received orientation and technical training in the rural electrification and rural telephone programs. In addition, REA responded to written inquiries from foreign countries, furnishing technical and general information and publications.

### ELECTRIC PROGRAM

Borrowers' Progress and Financial Development - As of June 30, 1975, electric energy was being provided by electric borrowers to 8,691,541 consumers by 1,047 REA borrowers in 46 states, Puerto Rico, and the Virgin Islands. Of a total of 981 active borrowers, 934 are engaged primarily in operating distribution systems and 47 are operating generation and transmission facilities exclusively. One hundred and eight borrowers have repaid their loans in full.

During fiscal year 1975, borrowers added 393,717 consumers, 37,740 miles of line, and 1,486 full-time employees. At the end of fiscal year 1975, the 1,047 electric borrowers were operating 1,826,837 miles of line and employing 42,908 full-time employees.

Since 1948, the typical (median) electric borrower has more than doubled the number of miles of line operated and the number of consumers served. As of December 31, 1974, the typical REA-financed electric distribution borrower had 1,618 miles of line and 5,742 consumers.

The following schedule provides a percentage distribution of kWh sold, revenue, and total consumers by type for calendar year 1974:

<u>Type of Consumer</u>	<u>kWh Sold</u>	<u>Revenues</u>	<u>Total Consumers</u>
Residential, Farm and Non-Farm	63.5%	69.4%	90.8%
Commercial and Industrial, Small	7.5	8.9	6.1
Commercial and Industrial, Large	22.7	15.1	0.5
Other Electric Service	6.3	6.6	2.6
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

The composite equity of electric borrowers has increased steadily over the years. As of December 31, 1974, the composite net worth of electric borrowers reporting was \$2,407,308,940, or 26.1 percent of total assets, compared with \$1,670,260,130, or 27 percent in 1970. Distribution borrowers had a composite net worth of \$2,237,008,646, or 33.0 percent of total assets as of December 31, 1974, compared with \$1,630,602,068, or 34.3 percent in 1970. The relative decline in net worth indicates that the systems are expanding faster than can be financed by the accumulation of equity, which is restrained by the particularly low ratio typically charged to cooperative consumers.



Management Assistance to Borrowers - REA continued to help borrowers develop better management practices. Analytical tools, the Expense Comparison Study and the Borrowers' Statistical Profile, were developed and distributed to the borrowers for use in analyzing their operations. REA Staff Instruction 109-1, Assistance to Borrowers in Selection of a New Manager, has been revised to clarify current policies on manager selection aid by REA staff. Substantial progress is being made toward revision of the 10-year Financial Forecast so the arithmetic computation may be done by computer and to increase its flexibility for managerial planning.

Loan procedure is being modified to expedite loan processing and facilitate financial feasibility findings. This should give the loan analysts more time to assist borrowers in other areas by reducing duplication and time required for review of loan documents. A program was held for 51 new managers to provide orientation in economic subjects necessary for good management, in labor relations, in civil rights, and in other responsibilities.

Environment - REA borrowers continue to satisfy increased demands for electric power while at the same time minimizing adverse impacts to the environment. Meeting the Federal environmental standards and sometimes more stringent State standards for electric generating facilities means increased capital costs for power projects. A coal-fired power plant planned in 1967 for operation in 1971 was estimated to cost \$150/kW. The estimate in 1975 for operation in 1980 would be \$650/kW. The latter estimate reflects the added environmental controls such as sulphur dioxide removal and cooling towers, as well as higher cost of money and larger labor and material costs. A plant planned in 1975 costs more than four times the cost of the same size plant planned in 1967. REA continues to advise its borrowers concerning the most efficient and legally acceptable methods for meeting their environmental responsibilities. Between July 1 and December 31, 1974, REA published in the Federal Register five Draft and three Final Environmental Impact Statements. Between January 1 and June 30, 1975, REA published eight Draft and five Final Environmental Impact Statements and between July 1 and November 15, 1975, REA published three Draft and three Final Environmental Impact Statements. An additional twenty-eight Statements are in various stages of development. As of November 15, 1975, no REA project for which an Environmental Impact Statement was issued has been legally challenged successfully.

Improvements in Electric Standards and Techniques - During fiscal year 1975, REA revised several technical publications and issued some new ones dealing with overhead and underground construction standards. They included:

1. Revised specifications and drawings for the design and construction of underground electric distribution systems.
2. New specifications for distribution voltage regulators.
3. Revised specifications for underground cable.

REA engineers continued to work with other segments of the electrical industry in the development of voluntary national standards and codes. They participated in working committees and groups of organizations such as the Institute of Electrical and Electronics Engineers, American National Standards Institute, American Wood-Preservers' Association, American Society for Testing Materials, and National Association of Corrosion Engineers to assure that special requirements of the rural electric systems and their consumers would not be overlooked.

Retail Rates - During fiscal year 1975, 366 REA electric borrowers reported retail rate changes. Increasing fuel and wholesale power costs, coupled with rising construction and operating costs, necessitated 364 increases which added \$116,414,000 to the estimated annual revenues of these borrowers to cover increased costs. These are industry-wide problems and the cost of electric energy is expected to continue to increase in all sections of the country. There were only two rate reductions during the period, and these represented relatively minor rate adjustments, decreasing annual revenues by about \$446,000.

Power Supply - Total energy sales of all REA borrowers increased five percent during calendar year 1974. Sales increased at an average annual rate of 9.4 percent over the five-year period ended December 31, 1974. The average cost of energy purchased at wholesale by REA distribution borrowers has increased steadily in each of the past five years, from 0.68 cents per kWh in 1969 to 1.12 cents in 1974, a trend which is the reverse of the experiences of the prior 30 years when the cost of energy steadily declined.

#### ELECTRIFICATION PROGRAM STATISTICS

From 1935 to June 30, 1975, \$10.1 billion in direct and insured electrification loans have been made by REA and an additional \$2.2 billion in loans by non-REA lenders have been guaranteed by REA. During this period, the percentage of farms with central station electric service has increased from about ten percent to 98.6 percent. The demand for new service to non-farm rural consumers continues as residential communities, business, and industry develop in rural areas.

Loan Activity - During fiscal year 1975, 579 insured loans were approved, totaling \$700,000,000. There were ten commitments approved to guarantee loans made to electrification borrowers by non-REA sources totaling \$1,206,343,000. For fiscal year 1976, it is expected that \$750 million in insured loans and \$1.286 billion in commitments to guarantee loans will be made.

Purpose of Loans Approved - During fiscal year 1975, insured and direct loans amounted to \$449,943,288 for distribution purposes (64.3 percent) and \$250,056,712 for generation and transmission facilities (35.7 percent). Loan guarantee commitments totaling \$1,598,515,000 were for power supply purposes.

Loan cancellation - During fiscal year 1975, there was one cancellation of prior year loans, totalling \$82,859.

#### Fund Advances and Construction Progress

	1975	1976 Estimate
Advances (fiscal year) .....	\$711,539,469	\$725,000,000
Consumers connected (calendar year, estimate) ..	390,187	411,000
Miles energized (calendar year, estimate) .....	37,373	37,000
Generating capacity installed (kW) (fiscal year)	212,620	1,282,845

Unadvanced loan funds aggregated \$924.2 million as of June 30, 1975. They are expected to total \$949.2 million by June 30, 1976.

TABLE NO. I - ELECTRIFICATION LOANS  
(Cumulative Figures)

Date	Total Net Loans All Purposes a/	Long-Term Supplemental Loans b/	Loan Guarantee Commitments	Construction Authorized	
				Miles of Line	By Total Loans to Date Consumers Served
1936-June 30, 1960	\$4,153,325,751			1,503,863	5,312,265
June 30, 1961	4,424,756,408			1,520,899	5,459,083
June 30, 1962	4,680,742,660			1,534,551	5,560,708
June 30, 1963	5,020,163,286			1,555,087	5,762,534
June 30, 1964	5,280,871,573			1,572,769	5,929,349
June 30, 1965	5,631,572,196			1,590,628	6,081,076
June 30, 1966	5,942,226,055			1,611,242	6,275,289
June 30, 1967	6,292,885,281	\$ -0-		1,630,939	6,439,948
June 30, 1968	6,642,684,316	62,000,000		1,651,007	6,637,276
June 30, 1969	6,985,363,485	62,000,000		1,660,572	6,737,301
June 30, 1970	7,329,418,562	62,000,000		1,681,825	6,908,440
June 30, 1971	7,690,458,056	74,135,300		1,699,683	7,113,261
June 30, 1972	8,128,458,057	162,892,590		1,722,866	7,412,054
June 30, 1973	8,746,398,057	510,553,270	\$ -0-	1,756,889	7,858,579
June 30, 1974	9,364,746,057	864,233,470	974,433,000	1,789,097	8,297,824
June 30, 1975	10,064,663,198	1,026,676,770	2,180,776,000	1,826,837	8,691,541
June 30, 1976 (Est.)	10,814,663,198	1,136,676,770	3,466,776,000	1,861,837	9,081,541
Sept 30, 1977 (Est.)	11,752,163,198	1,289,676,770	5,074,776,000	1,905,337	9,609,041

a/ Comprised of REA direct and insured loans.

b/ Includes commitments for long-term financing from all sources other than REA direct and insured loan and loan guarantee programs.



TABLE NO. II - ELECTRIFICATION CONSTRUCTION  
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers a/	Loan Funds Advanced to Borrowers	Under Guarantee	Miles Energized		Consumers Served		Construction Completed b/		Total kWh Sales c/ (Annual) (Thousands)
				Total	:	Total	:	Total	:	
1936-1960 ....	\$3,580,884,081			1,465,315		4,825,802		27,268,625		
1961 .....	3,764,297,121			1,483,021		4,955,642		28,967,198		
1962 .....	3,960,104,248			1,504,228		5,094,953		31,880,133		
1963 .....	4,205,858,366			1,526,812		5,237,912		35,357,255		
1964 .....	4,451,822,854			1,547,143		5,386,088		39,836,854		
1965 .....	4,751,612,288			1,566,772		5,541,478		42,668,054		
1966 .....	5,030,390,048			1,586,502		5,652,844		48,439,056		
1967 .....	5,339,134,905			1,606,497		5,806,017		52,880,144		
1968 .....	5,734,077,563			1,627,445		5,986,140		58,303,933		
1969 .....	6,101,157,248			1,650,240		6,196,967		66,421,021		
1970 .....	6,463,530,118			1,676,001		6,442,332		76,009,289		
1971 .....	6,875,490,883			1,700,348		6,747,698		84,282,836		
1972 .....	7,293,974,951			1,732,545		7,076,249		92,534,163		
1973 .....	7,748,574,076			1,766,701		7,457,123		100,688,298		
1974 .....	8,428,891,321		\$ -0-	1,797,525		7,767,813		105,690,807		
1975 .....	9,140,430,790	249,237,000		1,834,898		8,158,000		111,500,000		
1976 (Est.) ..	9,865,430,790	1,096,368,000		1,871,898		8,569,000		117,640,000		
1977 (Est.) ..	10,846,430,790	2,332,870,000		1,917,898		9,083,000		124,110,000		

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Calendar Year.

c/ Excludes energy sales by one REA borrower to another.

Cumulative Repayments

	<u>June 30, 1974</u>	<u>June 30, 1975</u>
Payments:		
Principal (including payments ahead of schedule) .....	\$2,821,124,665	\$2,975,541,554
Interest .....	1,519,642,011	1,659,349,760
Payments ahead of schedule .....	192,513,138	148,165,989
Payments overdue more than 30 days .....	1,840,782	1,524,416
Interest and principal lost on two foreclosures	44,478	44,478

Progress of Electrification Program - The cumulative figures presented in tables I and II show the progress that has been made in the electrification program since its inception.

TELEPHONE PROGRAM

Telephone Loan Guarantee Program - In fiscal year 1975, a telephone loan guarantee program was initiated to supplement the REA telephone and the Rural Telephone Bank programs. Through June 30, 1975, 35 commitments totaling \$200,000,000 have been made. Another \$250,000,000 in commitments are expected to be made during fiscal year 1976. The use of the guarantee authority of Section 306 of the revised RE Act provides flexibility in the source of financing for REA telephone borrowers, as well as allowing a reduction in the backlog of applications which totaled \$812.6 million at June 30, 1975.

Borrowers' Progress and Financial Development - As of June 30, 1975, telephone service was being provided by REA borrowers to 3,494,543 subscribers over 693,000 route miles of line. This is an increase of 1,044,122 subscribers and 128,293 miles of line since June 30, 1970. The average telephone borrower had 758 route miles of line and 3,689 subscribers at the end of calendar year 1974, compared with 677 miles and 2,886 subscribers at the end of 1970, an increase of 18.5 percent in route miles and 35.1 percent in subscribers for the four-year period.

Rural telephone borrowers reported total operating revenues of \$697.2 million in calendar year 1974, compared with \$562.6 million in the previous year. Sixty-five percent of this increase came from net toll revenue which increased 30.6 percent from \$284 million in calendar year 1973 to \$371 million in 1974.

Increased toll usage by rural subscribers can be attributed in large part to the upgrading of service which has been taking place in rural areas. Reducing the number of parties per line encourages use of the telephone for long distance, as well as local calls. Some of the increase in toll revenues is the result of additional ownership of toll line and toll ticketing equipment. The number of borrowers using cost separations rather than "average" toll settlements has also increased the borrowers' share of toll revenues.

The increase in local service revenue of \$44.9 million is due not only to additional subscribers, but also to changing to a higher grade of service, as shown in the following table:

Service	: 1970	: 1971	: 1972	: 1973	: 1974
One-party .....	41.6%	46.3%	50.6%	54.6%	59.3%
Two-party .....	9.8	8.9	8.2	7.4	6.7
Four- and five-party ....	25.6	26.3	25.5	24.8	23.8
Eight- or more party ....	23.0	18.5	15.7	13.2	10.2

Increase in Net Worth - As of December 31, 1974, 851 telephone borrowers reported a composite net worth of \$723.9 million, or 22.5 percent of their total assets. As indicated below, the average net worth for both cooperative and commercial borrowers has been doubling every four years:

Increase in Net Worth (Telephone)

As of December 31	: Number of Borrowers : Reporting	: Average Net Worth : Per Borrower	: Ratio to 1966	: Percent of Total Assets
1966 .....	814	\$201,316	1.00	13.6
1970 .....	805	434,081	2.16	18.8
1974 .....	851	850,666	4.23	22.5

Although the percentage of telephone borrowers with a net worth equal to or greater than 40 percent of their assets is relatively small, the percentage of those with a net worth equal to 20 percent or more is increasing.

Percent of Telephone Borrowers With Net Worth

As of December 31	: Less Than 20 Percent : of Assets	: 20 to 39 Percent : of Assets	: 40 Percent or More : of Assets
1966 .....	72%	25%	3%
1970 .....	62	33	5
1974 .....	50	42	8

The investment of telephone borrowers in total plant is also rapidly increasing. At the end of 1974, borrowers had a total plant of \$3.58 billion, with a long-term debt balance of \$2.19 billion. Borrowers have invested approximately \$1.39 billion in their plant facilities (in addition to the replacements they financed), either by principal payments on the long-term debt for the original construction, or by financing plant additions with other than REA loan funds. As the following table indicates, the dollar amount of the investment of these borrowers in their total telephone plant increased by more than \$680 million in the last four years, with an average borrower plant investment of \$1,625,951.

Borrower Investment in Total Telephone Plant  
(Total Plant Less Long-Term Debt)

As of December 31	: Total Borrower Plant : Investment	: Number of Borrowers : Reporting	: Average Borrower Plant Investment
1966 .....	\$332,334,482	814	\$408,273
1970 .....	703,656,277	808	870,862
1974 .....	1,383,684,288	851	1,625,951

Borrowers' plant investment is defined as the cost of total plant (before deducting the accumulated provision for depreciation and amortization), less the balance due on the long-range debt.



Engineering Progress - As part of its Rural Telephone Program, REA applies a continuous effort toward integrating the latest technology in materials and equipment into modern communication system designs. To accomplish this, close cooperation is required with the many developers of new products, as well as with telephone companies who supply important feedback concerning technical performance under actual operating environments.

During recent years, this pattern of product development and integration into system designs has been very dynamic and encompasses the broad fields of outside plant, transmission, central office, telephone station and protection equipment.

Explained below are some of the developments that happened during fiscal year 1975, along with other telephone engineering accomplishments during this same period:

#### Outside Plant

There are several benefits which can be derived through the foaming of conductor insulation in telephone cables. These include (1) a reduction in petrochemical-derived material, (2) a reduction in total installed cable costs, and (3) a reduction in overall cable diameters for similar pair and gauge sizes.

A series of environmental tests on filled wires and cables involving solid, foamed, and foam-skin insulations has been initiated. The tests simulate the various conditions a cable or wire encounters from the time it is manufactured until after it is placed in the ground. The test program is due to be completed in late 1975 and from the results obtained REA will be in a position to establish new requirements in cable and wire specifications for determining adequacy of design for long-term service life.

A new section of the Telephone Operations Manual has been issued outlining the procedures for rehabilitating wet underground and direct buried type cables by vaporization and pressurization techniques. Results of field trials using this procedure have shown good success in restoring the electrical parameters to within cable specification limits. This technique is particularly advantageous for existing cables when electronic transmission devices such as carrier and voice frequency repeaters are to be used.

A new specification entitled "Filled Splice Cases" was completed and issued. This specification will require manufacturers to make environmental, electrical, and corrosion performance tests on their proposed filled splice enclosures. The specification requirements are rigid and enclosures that comply are expected to provide a long-term service life.

#### Transmission

Revision of carrier equipment specifications to include reliability requirements was completed in 1975. Now, all carrier equipment specifications contain maximum failure rate and accelerated life testing requirements.

Electronic equipment continues to be used in increasing amounts by REA borrowers. Use of subscriber carrier equipment, a major item in combating inflation, has increased 50 percent or more a year for the last several years. A newly developed subscriber carrier system, operating over coaxial cables, will soon be under field trial by an REA borrower. This system, with an ultimate capacity of 1,000 lines, is well suited to office consolidation applications.

The economic advantages obtained by applying digital carrier over paired cables are now being realized over microwave radio as well. Digital radio is rapidly becoming an integral part of trunking facilities for the borrower's systems. A rural subscriber radio system offering single party service through multichannel operation has been developed and is expected to have application in many borrower's systems.

#### Station Equipment and Protection

Maintenance reports from REA borrowers indicate that nearly 30 percent of their maintenance expense is caused by station equipment installed on customers' premises. An informal survey of borrowers was made by REA during the year to obtain comments on the nature and source of maintenance problems associated with Station Equipment.

Based on the results of the survey, the REA Station Equipment and Protection Branch is working on specifications and design improvements for improved reliability and reduced maintenance for telephone sets, station wiring, and protectors. These constitute the main elements causing station equipment maintenance. A proposed telephone set specification has been circulated to manufacturers for comments. The specification contains severe environmental tests requirements to ensure better performance in service.

To achieve REA's objectives for stimulating improvements in products used on its borrowers' systems, continuous contacts with manufacturers and the larger operating telephone companies are necessary. During the year, operating industry meetings were held to interchange experience and new technology in the fields of protection and outside plant. REA engineers are active in bringing to the attention of industry the unique needs of rural telephone systems. This is facilitated through active participation on committees and working groups of the Institute of Electrical and Electronic Engineers, National Electrical Code, USITA, and the International Wire and Cable Symposium.

#### Central Office Equipment

With the increasing number of new common control dial switching systems being introduced, REA has been very active evaluating them for possible use by REA borrowers. As a result of this increased activity, and due to the large investment involved, we have tightened our requirements for granting acceptance of newly designed systems.

These newer systems are making use of electronics in the switching control circuitry. Mini-computers and processors are being used to control the switching networks.

REA has been working with manufacturers in the development of computer-controlled automatic toll ticketing systems as well as electronic converters which permit telephone subscribers to use pushbutton telephones on step-by-step central offices.

#### Systems Engineering

During fiscal 1975, an intensive effort was undertaken to develop improved methods for designing rural telephone systems. There are tremendous pressures placed on the borrowers by their subscribers and regulatory bodies to keep rates for service down. This leads to plans that cost less initially because they do less. It leads, too, to burdening subscribers unnecessarily with less efficient service for twenty-five or more years to avoid a higher initial cost facility. REA borrowers are now encouraged to fully recognize the time value of money in their cost studies.



We feel electronic equipment can be used as a permanent way of furnishing telephone service. It is especially recommended as a method of deferring investment until a time when it can be immediately put into service. Electronics are also to be extensively used to defer small-size cable reinforcements until a much lower cost (per circuit) cable can be justified. A series of five seminars were begun in May for rural telephone system design engineers.

The Serving Area Value Engineering (SAVE) method of designing cable and electronic circuits is part of a planning process that can be a general management system with far-reaching impact on subscriber, company, and employee needs. Planning can be used to establish understandable, acceptable, yet challenging goals, communicate achievements, appraise managerial effectiveness, and develop directors and managers through their involvement in the planning process.

During the year, we placed increased emphasis on the technical operations and maintenance of borrowers' systems. Color slide and magnetic tape cassette training packets developed or encouraged by REA were made available to rural telephone companies to help reduce noise, improve telephone installations, and improve cable splicing.

#### TELEPHONE PROGRAM STATISTICS

Through June 30, 1975, telephone loans totaled over \$2.4 billion, and the percentage of farms with telephone service has increased from about 38 percent in 1949 to 88 percent in 1974.

Satisfactory rural telephone service today implies an improved grade of service from the eight-party rural concept of years ago. In keeping with subscriber demand, REA recommends four-party, flat rate rural service as the minimum standard. Because of increasing demand for one-party service in rural areas, REA continues to encourage borrowers to develop systems to meet this demand at reasonable rates.

Loan Activity - During fiscal year 1975, 142 insured loans were approved, totaling \$199,939,000. For fiscal year 1976, it is expected that there will be \$250 million in insured telephone loans, complemented by a \$180-million loan program by the Rural Telephone Bank and \$250 million in loans made by others and guaranteed by REA.

Rescissions - During fiscal year 1974, there were no rescissions of prior year loans.

	<u>Fund Advances and Construction Progress</u>	
	<u>1975</u>	<u>1976 Estimate</u>
Advances (fiscal year) .....	\$143,366,903	\$200,000,000
Route miles of line constructed or improved (calendar year, estimate) .....	32,500	35,000
Subscribers receiving new or improved service (calendar year, estimate) .....	340,000	365,000

Through June 30, 1975, borrowers had received advances under their loan contracts totaling \$2,141,897,321. Total REA telephone and Rural Telephone Bank loans approved provide for construction and improvement of 693,064 miles of line and new or improved dial service to 3,494,543 subscribers.

Cumulative Repayments

	<u>June 30, 1974</u>	<u>June 30, 1975</u>
Payments:		
Principal (including payments ahead of schedule) .....	\$410,491,308	\$460,054,837
Interest .....	302,869,725	337,455,026
Payments ahead of schedule .....	20,643,232	19,958,051
Payments overdue more than 30 days .....	252,294	328,217

PROGRESS OF REA AND RTB TELEPHONE PROGRAMS

The cumulative figures presented in the following Tables I and II show the progress that has been made in the REA and RTB telephone programs since their inception.

TABLE NO. I - TELEPHONE LOANS  
(Cumulative Figures)

Date	Total Net Loans a/	Telephone Bank Net Loans	Loan Guarantee Commitments	Construction Authorized		
				By Total Loans to Date		
				Route Miles of Line: To Be Constructed or Improved	Subscribers To Receive New or Improved Service	
1950-June 30, 1960	\$679,210,237			356,581	1,371,791	
June 30, 1961	818,257,691			407,621	1,604,011	
June 30, 1962	909,035,087			442,063	1,753,463	
June 30, 1963	990,992,987			469,805	1,859,873	
June 30, 1964	1,078,444,387			492,700	1,964,601	
June 30, 1965	1,167,902,734			511,956	2,043,900	
June 30, 1966	1,266,041,761			519,156	2,116,895	
June 30, 1967	1,380,557,341			534,200	2,202,030	
June 30, 1968	1,499,674,227			545,493	2,271,874	
June 30, 1969	1,623,413,120			552,927	2,364,493	
June 30, 1970	1,746,578,450			564,771	2,450,421	
June 30, 1971	1,870,028,433	\$ -0-		579,233	2,543,516	
June 30, 1972	2,002,536,718	90,954,800		596,119	2,698,337	
June 30, 1973	2,147,368,193	240,913,490		616,274	2,854,530	
June 30, 1974	2,287,396,227	397,344,290	\$ -0-	636,755	3,026,688	
June 30, 1975	2,487,335,227	557,532,080	200,000,000	693,064	3,494,543	
June 30, 1976 (Est.)	2,737,396,227	737,532,080	450,000,000	743,064	3,909,543	
Sept 30, 1977 (Est.)	3,059,896,227	952,532,080	733,000,000	793,064	4,439,543	

a/ Comprised of REA direct and insured loans.



TABLE NO. II - TELEPHONE CONSTRUCTION  
(Cumulative Figures)

Date	Loan Funds Advanced To Borrowers a/	Telephone Bank		Loan Funds		Construction Completed c/		
		Loan Funds Advanced To Borrowers b/	Under Guarantee b/	Advanced To Borrowers	Route Miles of Line Constructed or Improved	Subscribers Receiving New or Improved Service		
1950-1960	\$501,262,035				287,473	1,142,004		
1961	609,326,639				297,747	1,291,468		
1962	706,563,875				383,701	1,419,892		
1963	792,465,840				414,271	1,523,406		
1964	876,695,138				431,475	1,626,590		
1965	957,487,449				460,141	1,726,359		
1966	1,039,691,323				482,005	1,825,861		
1967	1,142,941,570				499,179	1,944,334		
1968	1,242,998,913				533,559	2,067,025		
1969	1,348,878,422				554,190	2,184,575		
1970	1,484,279,069				547,322	2,334,511		
1971	1,621,729,749	\$ -0-			571,139	2,466,902		
1972	1,754,097,487	587,923			589,282	2,638,575		
1973	1,876,472,536	45,642,259			613,871	2,846,059		
1974	1,998,530,418	144,350,892	\$ -0-		648,492	3,154,426		
1975	2,141,897,321	274,228,758		5,528,683	680,992	3,494,426		
1976 (Est.)	2,341,897,321	434,228,758		103,028,683	715,992	3,859,426		
1977 (Est.)	2,613,897,321	649,228,758		282,978,683	753,492	4,249,426		

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Fiscal Year.

c/ Calendar Year.





(b) Rural Telephone Bank

	Current Appropriation	Other Authorizations (Budget Authority) <u>a/</u>	Estimated Obligations
Appropriation Act, 1976 ....	\$30,000,000	\$ 928,900,000	\$193,724,000
Department Estimate, 1977 ..	30,000,000	1,035,230,000	204,098,000
Change .....	---	+106,330,000	+10,374,000

a/ Reflects maximum borrowing authority.

SUMMARY OF INCREASES AND DECREASES  
(On basis of maximum budget authority)

	1976 Estimate	Program Changes	1977 Estimate
Operating Costs:			
Administrative expenses ...	\$ 75,000	---	\$ 75,000
Interest expenses .....	13,622,000	+\$10,394,000	24,016,000
Dividends .....	27,000	-20,000	7,000
Maximum Loan Authority .....	945,176,000	+95,956,000	1,041,132,000
Total available .....	958,900,000	106,330,000	1,065,230,000

PROJECT STATEMENT  
(On basis of maximum budget authority)

Project	1975 Actual	1976 Estimate	Increase or Decrease	1977 Estimate
1. Operating Costs:				
(a) Administrative expense .....	\$ 39,949	\$ 75,000	---	\$ 75,000
(b) Interest expense ..	5,878,336	13,622,000	+10,394,000(1)	24,016,000
2. Dividends .....	26,650	27,000	-20,000(2)	7,000
3. Loan Authority .....	917,610,406	945,176,000	+95,956,000(3)	1,041,132,000
Total Authorization ..	923,555,341	958,900,000	+106,330,000	1,065,230,000

PROJECT STATEMENT  
(On basis of obligations)

Project	1975 Actual	1976 Estimate	Increase or Decrease	1977 Estimate
1. Operating Costs:				
(a) Administrative expense .....	\$ 39,949	\$ 75,000	---	\$ 75,000
(b) Interest expense ..	5,878,336	13,622,000	+10,394,000(1)	24,016,000
2. Dividends .....	26,650	27,000	-20,000(2)	7,000
3. Loans .....	160,187,790	180,000,000	---	180,000,000
Total obligations .....	166,132,725	193,724,000	+10,374,000	204,098,000

## EXPLANATION OF RURAL TELEPHONE BANK PROGRAM

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The Act, as amended, permits the Secretary of the Treasury to purchase the bank's debentures. This minimizes REA borrowing costs and helps avoid cash-flow problems associated with obtaining funds on the money market. Public Law 93-32, approved May 11, 1973, further amended the Act to increase the bank's borrowing authority from eight to 20 times its paid-in-capital and retained earnings, and to eliminate the heretofore required disclaimer of any government guarantees on debentures issued by the bank. This Act also provides that the bank charge an interest rate based on the average cost of money to the bank, as determined by the bank's Governor, but not less than five percent per annum, in lieu of the former provision for a range of interest rates on loans based on the borrowers' ability to pay. The current rate of 7.5 percent was set by the Governor of the bank for loans made in the six months ending December 31, 1975.

### Budget Authority

Equity capital of the bank consists of Class A stock purchased by the United States; Class B and C stock purchased by bank borrowers, organizations eligible to become borrowers, and organizations controlled by borrowers; and retained earnings. The maximum budget authority of the bank is related to its borrowing authority which is limited to 20 times its paid-in-capital and retained earnings. Fiscal year 1976 total budget authority available for the bank is estimated at \$3.576 billion, comprised of \$959 million in new budget authority and \$2.617 billion in unobligated authority brought forward. In 1977, budget authority is calculated at \$4.671 billion, consisting of \$1.065 billion in new budget authority and \$3.606 billion in authority carried over from prior years.

### Highlights of Operation

The Rural Telephone Bank made 102 loans totaling \$160,187,790 in fiscal year 1975, at a weighted average interest rate of 7.73 percent. From inception three and a half years ago, 411 loans to 323 borrowers have been made, totaling \$575,532,080, at a weighted average interest rate of 6.82 percent.

The bank's net income for the year amounted to \$7,663,778; after making provision for a return of \$2,318,421 on Class A stock held by the Government, a balance of \$5,345,357 was available for patronage refunds, dividends, and retained earnings. Assets of the bank totaled \$287,028,615 as of June 30, 1975, and liabilities \$135,914,493. The bank has invested some of the proceeds from the sale of Class B and C stock in United States securities; interest on these investments amounted to \$780,497 in 1975.

### Program Statistics (Dollars in thousands)

	1975 <u>Actual</u>	1976 <u>Estimate</u>	1977 <u>Estimate</u>
Cumulative net loans .....	\$557,532	\$737,532	\$962,532
Cumulative loan funds advanced .....	\$274,229	\$434,229	\$651,729
Unadvanced loan funds, end of year .....	\$283,303	\$303,303	\$310,803
Cumulative principal repaid .....	\$ 754	\$ 2,485	\$ 6,962
Cumulative interest paid on loans .....	\$ 17,991	\$ 38,683	\$ 82,779
Number of borrowers .....	323	375	475



JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$10,394,000 for operating costs (interest expense) (\$13,622,000 available in 1976): Public Law 92-324, approved June 30, 1972, amended the Rural Electrification Act of 1936, as amended, to permit the Secretary of the Treasury to purchase the bank's debentures. The increase in operating expenses represents interest paid to the Treasury by the bank. In fiscal year 1975, the bank borrowed \$82.6 million from the Treasury, and it is estimated that it will require an additional \$102.5 million in 1976 and \$121.4 million in 1977 in order to make required advances to borrowers, a cumulative total of \$387.3 million.

(2) A decrease of \$20,000 for dividends (\$27,000 available in 1976): The dividends to be paid in 1977 are related to the operation of the bank in the preceding period, in this case the Transition Quarter which is not a full year of operation.

(3) An increase of \$95,956,000 in loan authority (\$945,176,000 available in 1976): The maximum budget authority of the bank consists of the total paid-in capital and retained earnings of the bank, plus borrowings limited by law to 20 times the paid-in capital and retained earnings. The legislation establishing the bank authorizes U.S. stock purchases totaling \$300 million, with up to \$30 million to be appropriated annually. An appropriation of \$30 million is requested for fiscal year 1977, the same as fiscal year 1976. This will bring to \$187.5 million the amount of the authorized U.S. stock purchases. It is estimated that an additional \$21.9 million in capital will be obtained through the sale of stock to borrowers and retained earnings. Cumulative borrowings by the bank are estimated at \$234.5 million in fiscal year 1976 and \$387.3 million in 1977.

The following table shows total budget authority, estimated obligations, and balances carried forward:

Rural Telephone Bank  
(In thousands of dollars)

	<u>1975 Actual</u>	<u>1976 Estimate</u>	<u>T.Q. Estimate</u>	<u>1977 Estimate</u>
<u>Budget Authority:</u>				
Appropriation for purchase of Class A stock .....	\$ 30,000	\$ 30,000	\$ 7,500	\$ 30,000
Borrowing authority maximum for current year <u>1/</u>	<u>893,555</u>	<u>928,900</u>	<u>224,600</u>	<u>1,035,230</u>
New budget authority .....	923,555	958,900	232,100	1,065,230
Budget authority carried over from prior year ....	<u>1,838,250</u>	<u>2,616,889</u>	<u>3,414,153</u>	<u>3,605,691</u>
Total budget authority ...	<u>2,761,805</u>	<u>3,575,789</u>	<u>3,646,253</u>	<u>4,670,921</u>
Other funds available ....	23,535	35,013	10,322	53,691
Less return on Class A stock .....	<u>-2,318</u>	<u>-2,925</u>	<u>-825</u>	<u>-3,675</u>
Total budgetary resources	<u>2,783,022</u>	<u>3,607,877</u>	<u>3,655,750</u>	<u>4,720,937</u>
Less:				
Loans approved .....	160,188	180,000	45,000	180,000
Expenses and C stock dividends .....	<u>5,945</u>	<u>13,724</u>	<u>5,059</u>	<u>24,098</u>
	<u>166,133</u>	<u>193,724</u>	<u>50,059</u>	<u>204,098</u>
Balance carried forward to next year .....	<u>2,616,889</u>	<u>3,414,153</u>	<u>3,605,691</u>	<u>4,516,839</u>

1/ Reflects maximum borrowing authority, authorized by the RE Act, as amended, computed as follows:

<u>Paid-in Capital and Retained Earnings:</u>				
A stock .....	30,000	30,000	7,500	30,000
B stock .....	9,893	11,293	4,783	10,707
C stock .....	12	12	3	12
Retained earnings ..	<u>4,773</u>	<u>5,140</u>	<u>-1,056</u>	<u>11,043</u>
Total .....	<u>44,678</u>	<u>46,445</u>	<u>11,230</u>	<u>51,762</u>
Statutory borrowing authority - rate ..	<u>X 20</u>	<u>X 20</u>	<u>X 20</u>	<u>X 20</u>
Maximum borrowing authority	893,555	928,900	224,600	1,035,230

NOTE: Totals may not add due to rounding.

### Status of Program

The Rural Telephone Bank was established May 7, 1971, when Public Law 92-12 was enacted, amending the Rural Electrification Act of 1936, as amended. The bank supplements the REA telephone loan program in providing rural telephone systems with capital for furnishing and improving telephone service in rural areas.

Lending Activity - During fiscal year 1975, the Rural Telephone Bank approved 102 loans, totaling \$160,187,790, with a composite interest rate of 7.73 percent. From the bank's inception in May 1971, 411 loans to 323 borrowers have been approved, totaling \$557,532,080.

Sale of Stock - The government purchased \$30 million of Class A stock of the bank during fiscal year 1975, and another \$30 million during the current fiscal year, bringing the cumulative total of Class A stock purchases to \$150 million. Bank borrowers purchased \$9,892,934 in Class B stock during fiscal year 1975, bringing the cumulative total through June 30, 1975 to \$21,299,196. Class C stock sales amounted to \$12,000 during the year, bringing the cumulative total through June 30, 1975 to \$545,000.

Increase in Retained Earnings - Retained earnings on July 1, 1974 totaled \$4,497,093. In July 1974, after the payment of dividends on Class C stock, the issuance of Class B stock as a patronage refund, retained earnings were reduced by \$572,524. During fiscal year 1975, interest income totaled \$13,710,691, of which \$12,930,194 was from loans and \$780,497 from investments. Expenses incurred during the year amounted to \$6,046,913 for interest expense on funds borrowed from the U.S. Treasury, directors' fees and travel, GAO audit, provision for possible losses, supplies, postage and miscellaneous expenses. After deducting these costs from total income, the net income amounted to \$7,663,778. After deducting the return on Class A stock of \$2,318,421, the balance of net income amounted to \$5,345,357. Retained earnings during the year were thus increased by \$4,772,833 to \$9,269,926.

Management of the Rural Telephone Bank - The management of the telephone bank is vested in a board of directors consisting of 13 members. Two of the members, the REA Administrator and the Governor of the Farm Credit Administration, are designated in the legislation establishing the bank. Of the other 11 members, five are appointed by the President and six are elected by bank borrowers.

Interest Rates - Public Law 93-32, approved May 11, 1973, provided that that bank charge a single interest rate on loans, based on the average cost of moneys to the bank, but not less than 5 percent, in lieu of the former provision for a range of interest rates based on the borrowers' ability to pay. Effective July 1, 1975, the Governor increased the bank's rate of interest from 7.0 percent to 7.5 percent.

General Administration - Operations of the telephone bank are being carried out by REA field and Washington employees and employees of the Office of the General Counsel. This has enabled the bank to hold its administrative expenses to a minimum.

The bank has been able to apply most of the established REA policies and procedures relating to REA telephone loan planning and processing. REA engineering standards and specifications, construction requirements, management techniques, and loan policies generally apply to bank loans.









(c) Salaries and Expenses

Appropriation Act, 1976 .....	\$20,112,000
Budget Estimate, 1977 .....	<u>21,409,000</u>
Increase in Appropriation .....	<u>1,297,000</u>

Adjustments in 1976:

Appropriation Act, 1976 .....	\$20,112,000	
1976 Supplemental Appropriation for pay costs ....	<u>601,000</u>	
Adjusted base for 1977 .....		20,713,000
Budget Estimate, 1977 .....		<u>21,409,000</u>
Increase over adjusted 1976 .....		<u>+696,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of adjusted appropriation)

	<u>1976</u> <u>Estimate</u>	<u>Increase or</u> <u>Decrease</u>	<u>1977</u> <u>Estimate</u>
Annualization of pay increase effective in 1976 .....	\$ 601,000	+\$263,000	\$ 864,000
Within-grade salary increases ....	---	+100,000	100,000
GSA space rental costs .....	776,000	+33,000	809,000
Increased travel costs .....	---	+300,000	300,000
All other .....	<u>19,336,000</u>	---	<u>19,336,000</u>
	<u>20,713,000</u>	<u>+696,000</u>	<u>21,409,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

	<u>1975</u>	<u>1976</u> <u>Estimate</u>	<u>Increase</u>	<u>1977</u> <u>Estimate</u>
1. <u>Administration of rural electrification program:</u>				
(a) Lending and management activities .....	\$ 5,374,201	\$ 5,664,000	+\$83,000	\$5,747,000
(b) Engineering activities ....	<u>4,517,646</u>	<u>5,194,000</u>	<u>+278,000</u>	<u>5,472,000</u>
Total, administration of electrification program ....	<u>9,891,847</u>	<u>10,858,000</u>	<u>+361,000</u>	<u>11,219,000</u>
2. <u>Administration of rural telephone program:</u>				
(a) Lending and management activities .....	4,790,788	5,035,000	+177,000	5,212,000
(b) Engineering activities ....	<u>4,385,717</u>	<u>4,820,000</u>	<u>+158,000</u>	<u>4,978,000</u>
Total, administration of telephone program .....	<u>9,176,505</u>	<u>9,855,000</u>	<u>+335,000</u>	<u>10,190,000</u>
Unobligated balance .....	<u>606,648</u>	---	---	---
Total available or estimate ....	<u>19,675,000</u>	<u>20,713,000</u>	<u>+696,000 (1)</u>	<u>21,409,000</u>
Proposed supplemental for increased pay costs .....	---	<u>-601,000</u>		
Total appropriation .....	<u>19,675,000</u>	<u>20,112,000</u>		

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Rural Electrification Administration enables REA to carry out the activities authorized by the Rural Electrification Act of 1936, as amended. In addition to the processing

and approving loans used for the extension and improvement of electric and telephone service in rural areas, the REA staff furnishes management and technical assistance to borrowers where needed in order to protect the government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards, and that the electric and telephone systems will continue providing adequate and reliable service on an area coverage basis.

Applications, Loans and Requisitions for Advances  
(Dollars in thousands)

	Fiscal Year 1975		Fiscal Year 1976		Fiscal Year 1977	
	Number	Amount	Number	Amount	Number	Amount
<u>Electric Program</u>						
Applications received .	628	\$2,933,487	575	\$3,138,000	605	\$3,190,000
Applications on hand, end of year .....	215	981,204	255	1,973,204	325	3,273,704
Insured loans approved .....	579	700,000	525	750,000	525	750,000
Loan guarantee commitments .....	10	1,206,343	10	1,286,000	10	1,286,000
Advances processed ....	2,972	711,540	2,790	725,000	3,075	800,000
<u>Telephone Program 1/</u>						
Applications received -						
new borrowers .....	29	73,298	38	115,000	60	125,000
existing borrowers ..	150	268,128	162	335,000	250	500,000
Applications on hand -						
new borrowers .....	49	175,086	47	87,396	67	75,021
existing borrowers ..	255	637,551	202	495,241	257	425,116
Insured loans approved -						
new borrowers .....	21	28,442	20	50,000	20	40,000
existing borrowers ..	121	171,497	120	200,000	105	210,000
RTB loans approved -						
new borrowers .....	53	56,064	20	60,000	20	60,000
existing borrowers ..	49	104,123	60	120,000	60	120,000
Loan guarantee commitments .....	35	200,000	35	250,000	30	220,000
Advances processed -						
REA borrowers .....	1,130	143,367	1,740	200,000	1,930	222,000
RTB borrowers .....	680	129,878	1,000	160,000	1,100	177,500

1/ Processing applications and advances to "new" borrowers requires more processing time than loans to "existing" borrowers.

JUSTIFICATION OF INCREASES

(1) An increase of \$696,000 for administration of rural electrification and telephone programs consisting of:

(a) An increase of \$263,000 for annualization of pay increases effective in fiscal year 1976.

(b) An increase of \$33,000 for GSA space rental costs.

(c) An increase of \$100,000 for within-grade salary increases.

Need for increase. The professional background of REA's middle-to-upper grade employees has resulted in a rather low turnover rate through the years. With the low turnover trend in REA, the agency must and does budget for within-grade step increases which normally would be absorbed through turnover. Over a period of years, within-grade raises compound to a point requiring increases in appropriated funds.

Plan of work. REA absorbs to the greatest extent possible a portion of the cost of within-grade increases. Further absorption would cut into funding for personnel and travel costs, making it difficult to carry out the loan programs planned, maintain loan security, and to meet the borrowers' most urgent needs for technical assistance.

(d) An increase of \$300,000 to cover increased travel costs.

Need for Increase. As a result of the increased per diem and mileage allowances which became effective in May 1975, travel costs are expected to be approximately 25 percent greater than before the increases took effect. All of REA's borrowers are outside of the Washington area. To serve these borrowers, REA has a small field staff who are in almost continuous travel status between the borrowers they service as needed to review their operations and loan requests. In addition, the Washington staff on occasion must make visits to these borrowers in connection with loan reviews and other operating situations as they occur. Travel, therefore, is a very essential part of REA's work to properly and adequately advise and assist borrowers in applying for and using loan funds. The travel is also necessary to protect the security of more than \$17 billion in loans and guarantees outstanding which we expect to have by the end of fiscal year 1976.

In fiscal year 1976, due to the very tight budget situation, it was necessary to absorb a portion of these increases through restrictions on those kinds of travel, which although useful in assisting our borrowers in maintaining their programs, were postponed without stopping the lending program. In addition, further absorptions were made through delays and deferrals of expenditures in other areas.

Plan of Work. Based upon continuing the high current level of funding the REA loan program, travel requirements for fiscal year 1977 are expected to be at least as high as those in 1976. Essential travel which was not performed in 1976 cannot be foregone in 1977. Therefore, we are requesting direct appropriations in the amount of \$300,000, since further absorption cannot be made in fiscal year 1977.









## FARMERS HOME ADMINISTRATION

### Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. The following description of Farmers Home Administration's program activities includes recent changes or expansions in previous programs.

#### FARMER PROGRAMS:

Farm ownership loans - are made to borrowers who cannot obtain credit elsewhere to improve or purchase farms, refinance debts, finance nonfarm enterprises or make additions to farms (5 percent interest, up to 40 years to repay).

Operating loans - this program provides short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere (at 8-1/2 percent interest, repayment period not to exceed 7 years, but may be renewed for not more than 5 additional years).

Emergency loans - these loans are made to farmers in Presidentially or Secretari-ally designated disaster areas to restore production. Made at 5 percent interest for actual losses and a market rate of interest for more than actual losses, and for the same general purposes as operating loans.

Emergency livestock loans - this program provides temporary emergency financing through guaranteed loans to bona fide farmers and ranchers who are primarily and directly engaged in livestock operations. Loan terms are agreed upon between the borrower and the lender.

Soil and water loans - loans are made to associations, farmers, ranchers and non-operator owners for land and water development, use and conservation. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Grazing loans - these loans are generally made to associations of 3 or more ranchers for the purchase of grazing land to permit expansion of herds. Terms are 5 percent interest and 40-year repayment.

Indian tribe land acquisition loans - loans are made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservation or Alaskan Indian community, as determined by the Secretary of the Interior. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Recreation loans - loans are made to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

#### HOUSING PROGRAMS:

Subsidized housing loans - these loans are made to repair or purchase new or existing individual housing. Families having an adjusted family income of below \$8,500 and meeting certain other criteria may qualify for interest rates as low as 1 percent. Loans are repayable over a 33-year period.

Unsubsidized housing loans - these loans are made to repair or purchase new or existing individual housing in rural areas for persons of moderate income and low income persons who do not qualify for subsidized credit. The interest rate is 8.75 percent and the term of repayment is 33 years.

Rural rental and cooperative housing loans - insured loans are made to individuals, corporations, associations, state or local public agencies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low or moderate income in rural areas. These loans are repayable in not more than 40 years, except for loans for senior citizen housing which may be 50 years, and bear interest in fiscal year 1976 at 9 percent with provisions for interest reductions under certain circumstances. These loans, with the exception of loans to state or local public agencies, are made only if the need for necessary housing cannot be met with financial assistance from other sources.

Very low income housing repair loans - direct repair and improvement loans up to \$5,000 are made at one percent interest for not more than 20 years only to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community.

Farm labor housing loans - insured loans are made to a farmer owner, to a public or private nonprofit organization, or to a nonprofit organization of farmworkers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent. Loans to organizations may be made simultaneously with farm labor housing grants.

Farm labor housing grants - grants can be made to public or broad-based private nonprofit organizations, State or political subdivisions, or nonprofit organizations of farmworkers within a State for domestic farm labor. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new structure or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with farm labor housing loans.

Site development loans - are made for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low income families or to organizations for rental or cooperative housing. Insured loans are made at 8.75 percent interest in fiscal year 1976 for a two-year period.

Mobile home park loans - insured loans can be made to provide financing of mobile home sites which meet minimum property standards to assure livability and durability of a mobile home for low to moderate income families.

Mutual and self-help housing grants - these grants are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to families who build their homes by the self-help method.

Self-help site development loans - direct site loans are made at 3 percent interest for a two-year period to develop building sites for sale in connection with self-help projects.

#### COMMUNITY PROGRAMS:

Community facilities loans - loans are authorized to public, quasi-public, and non-profit associations and to certain Indian tribes for essential community facilities including necessary related equipment. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Water and waste disposal loans - loans are authorized to public, quasi-public, and nonprofit associations and to certain Indian tribes for replacement or upgrading of water systems, waste disposal systems, or for combined purposes. These loans are made at 5 percent interest for 40 years.

Water and waste disposal grants - development grants are authorized to be made to public or quasi-public agencies for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may not exceed 50 percent of the development cost of the projects and supplement other funds borrowed or furnished by applicants to pay development costs.

Rural industrialization loans - loans are authorized to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities. These loans are made at commercial rates if insured and at rates agreed upon by borrower and lender if guaranteed.

Rural development grants - made to public bodies for the development of industrial facilities including land, buildings, equipment, and supporting facilities.

Watershed works of improvement and flood prevention loans - made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way, and for related costs. These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116 percent. Total loans outstanding on any one project may not exceed \$5,000,000.

Resource conservation and development loans - are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans. These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116 percent.

General - In fiscal year 1976 the budgeted lending program will be comprised of insured loans, except for business and industrial, and temporary emergency livestock loan guarantees, and direct loans for very low income housing repair. The term "insured" is defined as loans made from the revolving funds, which are held in a pool as security for certificates of beneficial ownership sold to investors. The purchaser's investment is fully insured by the Government against any loss of either principal or interest. FmHA performs all collection and servicing functions in connection with the loans. The Rural Development Act of 1972 authorized financial assistance to be provided to borrowers by guaranteeing loans made by a Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency. The term "guarantee" is defined as "to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary." Technical guidance in planning and carrying out sound operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates, except for rural industrialization loans. A local county or area committee is generally required to certify each applicant and each loan or grant.

On July 1, 1975, FmHA was servicing the accounts of about 845,000 individual borrowers and 10,000 association borrowers serving approximately 4,065,000 families, excluding those benefiting from watershed loans, with principal indebtedness of



\$15,863,236,000. Under the program direction of the Washington headquarters, the service was provided through 42 State Offices, a National Finance Office in St. Louis, Missouri, and approximately 1,760 county offices utilizing the services of about 2,800 supervisors and 6,500 local committeemen.

Available Funds and Man-Years, 1975 and Estimated 1976 and 1977

(Note: The following table reflects loan authorization and obligations under revolving funds, appropriations, and transfers from other agencies.)

Item	Actual		Estimated		Budget Estimate	
	1975		Available 1976		1977	
	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years
Farmers Home Administration:						
Rural housing insurance fund:						
Direct housing loans ....	\$20,000,000	--	\$20,000,000	--	\$20,000,000	--
Permanent appropriation for insufficiencies on participation sales ....	1,011,244	--	1,450,000	--	1,170,000	--
Reimbursement for premium interest to investors and other loans .....	124,592,000	--	122,000,000	--	175,429,000	--
Subtotal, rural housing insurance fund .....	145,603,244	--	143,450,000	--	196,599,000	--
Agricultural credit insurance fund .....	485,262,000	--	169,214,000	--	141,189,000	--
Direct appropriation.....	17,446,000	--	25,214,000	--	47,484,000	--
Permanent authority to spend public debt receipts.....	88,759,135	--	119,293,000	--	136,551,000	--
Rural development insurance fund .....	106,205,135	--	144,507,000	--	184,035,000	--
Rural water and waste disposal grants .....	30,000,000 <sup>a/</sup>	--	250,000,000 <sup>b/</sup>	--	--	--
Rural development grants .	13,750,000	--	11,875,000 <sup>c/</sup>	--	--	--
Rural community fire protection grants .....	3,500,000	--	3,500,000 <sup>d/</sup>	--	--	--
Rural housing for domestic farm labor .....	5,000,000	--	7,500,000 <sup>e/</sup>	--	--	--
Mutual and self-help housing grants .....	5,000,000 <sup>f/</sup>	--	9,000,000 <sup>g/</sup>	--	--	--
Salaries and Expenses:						
Direct appropriation ....	132,025,000	)	155,102,000	)	162,156,000	)
Transfer from ACIF .....	500,000	)7,804:	500,000	)8,512:	500,000	)8,682
Transfer from RHIF .....	1,200,000	)	3,000,000	)	5,000,000	)
Subtotal, salaries and expenses .....	133,725,000	7,804:	158,602,000	8,512:	167,656,000	8,682
Total .....	928,045,379	7,804:	897,648,000	8,512:	689,479,000	8,682
Other obligations under Farmers Home Administration accounts:						
Agricultural credit insurance fund (emergency loan administrative funds) .....	8,611,443	505:	5,060,000	220:	4,060,000	210
Deduct allotments to other agencies .....	-51,855	-2:	--	--	--	--
Net, agricultural credit insurance fund (emergency loan administrative funds) .	8,559,588	503:	5,060,000	220:	4,060,000	210
Obligations under other USDA appropriations:						
Soil Conservation Service:						
Watershed protection and flood prevention .....	533,000	33:	540,000	33:	464,000	31
Resource conservation and development .....	211,000	13:	199,000	12:	200,000	12
Total, Soil Conservation Service ...	744,000	46:	739,000	45:	664,000	43
Total, Agriculture Appropriation <sup>h/</sup> .....	937,348,967	8,353:	903,447,000	3,777:	694,203,000	8,935

Available Funds and Man-Years, 1975 and Estimated 1976 and 1977 - Continued

Item	Actual		Estimated		Budget Estimate	
	1975		Available 1976		1977	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Other funds:						
Other program funds from:						
Federal sources .....	19,827,580	--	20,070,071	--	--	--
Other administrative funds:						
from Federal sources ...	327,868	6	400,000	6	400,000	7
Total, Other funds ..	20,155,448	6	20,470,071	6	400,000	7
Total Farmers Home Administration .....	957,504,415 <sup>1/4</sup>	8,359	923,917,071	8,783	694,603,000	8,942

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
End-of-year Employment:			
Permanent full-time .....	6,550	7,000	7,000
Other .....	2,878	3,300	3,300
Total .....	<u>9,428</u>	<u>10,300</u>	<u>10,300</u>

- a/ Of this amount, \$125,000,000 is proposed for rescission. In addition \$849,191 of unobligated balances is available in 1976.
- b/ In addition, \$126,869,455 of unobligated balances from prior-year appropriations was available in 1975.
- c/ Of this amount, \$9,375,000 is proposed for rescission.
- d/ Proposed for rescission.
- e/ Proposed for rescission.
- f/ In addition, \$1,212,348 of unobligated balances from prior-year appropriations was available in FY 1975.
- g/ Proposed for rescission.
- h/ Excludes insured and guaranteed loans as follows:

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
Agricultural Credit Insurance			
Fund .....	1,677,906,678	1,572,000,000	1,122,000,000
Rural Housing Insurance Fund ....	2,229,177,850	3,196,000,000	2,696,000,000
Rural Development Insurance			
Fund .....	<u>1,019,979,119</u>	<u>1,020,000,000</u>	<u>1,020,000,000</u>
Total, Loans .....	<u>4,927,063,647</u>	<u>5,788,000,000</u>	<u>4,838,000,000</u>

- i/ The 1975 Appropriation Act provided that "employees of Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs." However, none of the man-years of assistance available under this provision is included in the 1975 man-years shown.

FARMERS HOME ADMINISTRATION  
Obligations for All Loan and Grant Programs  
(Dollars in Thousands)

Type of Loan	1975 Actual	1976 Estimate	1977 Estimate
<b>Agricultural Credit Insurance Fund:</b>			
Farm ownership loans .....	\$351,633	\$450,000	\$350,000
Farm operating loans .....	550,787	625,000	625,000
Recreation loans to individuals .....	748	2,000	2,000
Emergency loans .....	735,021	400,000	100,000
Soil and water loans to individuals .....	3,115	53,000	3,000
<b>Association loans:</b>			
Irrigation and drainage .....	885	1,000	1,000
Grazing .....	3,790	4,000	4,000
Recreation facilities .....	163	- -	- -
Indian Tribe land acquisition .....	9,666	10,000	10,000
<b>Soil Conservation Service Loans:</b>			
Watershed protection loans .....	20,000	23,000	23,000
Flood prevention loans .....	175	400	400
Resource conservation and development ... loans .....	1,925	3,600	3,600
Subtotal, Agricultural Credit Insurance Fund 1/ .....	1,677,908	1,572,000	1,122,000
<b>Rural Housing Insurance Fund:</b>			
<b>Low-Income Housing Assistance:</b>			
<b>Subsidized Loans:</b>			
Repair loans (Section 504) .....	4,809	20,000	20,000
General purpose loans (Section 502) ...	1,185,601	1,393,000	1,343,000
Domestic farm labor loans (Section 514) .....	8,066	- -	- -
Rental or cooperative loans (Section 515) .....	242,576	267,000	300,000
<b>Unsubsidized Loans:</b>			
General purpose loans (Section 502) ...	97,772	110,000	111,000
Site loans (Section 524) .....	1,207	2,000	2,000
<b>Moderate-Income Housing Assistance:</b>			
<b>Unsubsidized Loans:</b>			
General purpose loans (Section 502) ...	643,270	840,000	838,000
Rental or cooperative loans (Section 515) .....	49,780	73,000	100,000
Site loans (Section 524) .....	905	1,000	1,000
Mobile home park loans .....	- -	- -	1,000
Subtotal, Rural Housing Insurance Fund .....	2,233,986	2,706,000	2,716,000
<b>Rural Development Insurance Fund:</b>			
Water and waste disposal loans .....	469,987	470,000	470,000
Community facility loans .....	199,998	200,000	200,000
Business and industrial loans .....	349,994	350,000	350,000
Subtotal, Rural Development Insurance Fund .....	1,019,979	1,020,000	1,020,000
<b>Self-Help Housing Land Development Fund:</b>			
Mutual and self-help housing site loans...	234	- -	- -
<b>TOTAL LOANS .....</b>	<b>4,932,107</b>	<b>5,298,000</b>	<b>4,858,000</b>
<b>Type of Grant</b>			
<b>Rural Water and Waste Disposal Grants:</b>			
Community facilities - water and waste disposal grants .....	156,859	125,000	- -

Obligations for All Loan and Grant Programs - Continued

	1975 Actual	1976 Estimate	1977 Estimate
Rural Development Grants:			
Business and industrial grants .....	\$ 13,750	\$ 2,500	\$ - -
Rural Housing for Domestic Farm Labor:			
Domestic farm labor housing grants .....	5,000	- -	- -
Mutual and Self-Help Housing:			
Mutual and self-help housing grants .....	5,660	- -	- -
Appalachian Regional Commission Grants .....	14,942	20,000	- -
Department of Commerce Grants .....	4,234	4,600	- -
Department of Army Grants .....	652	400	- -
TOTAL GRANTS .....	201,097	152,500	- -
GRAND TOTAL, LOANS AND GRANTS .....	5,133,204	5,450,500	4,858,000

1/ Excludes guaranteed loans made under the Emergency Livestock Credit Act of 1974, as amended, P.L. 94-35, (authorization \$1.5 billion). Actual guaranteed loans for 1975 were \$352,887,460. Estimated guaranteed loan levels for 1976 and 1977 are \$750,000,000 and \$298,000,000 respectively.



FARMERS HOME ADMINISTRATION

Number of Loans and Grants for All Programs

Type of Loan	1975 Actual	1976 Estimate	1977 Estimate
Agricultural Credit Insurance Fund:			
Farm ownership loans .....	10,598	12,400	8,900
Farm operating loans .....	49,254	49,900	44,500
Recreation loans to individuals .....	20	50	46
Emergency loans .....	43,675	22,000	5,100
Soil and water loans to individuals .....	358	5,640	300
Association loans:			
Irrigation and drainage .....	14	15	14
Grazing .....	18	17	16
Recreation facilities .....	7	- -	- -
Indian Tribe land acquisition .....	11	11	10
Soil Conservation Service loans:			
Watershed protection loans .....	23	25	23
Flood prevention loans .....	2	4	4
Resource conservation and development loans.	25	43	40
Subtotal, Agricultural Credit Insurance Fund 1/ .....	104,005	90,105	58,953
Rural Housing Insurance Fund:			
Low-Income Housing Assistance:			
Subsidized Loans:			
Repair loans (Section 504) .....	2,554	9,500	8,700
General purpose loans (Section 502) .....	58,445	66,100	58,200
Domestic farm labor .....	101	- -	- -
Rental or cooperative loans (Section 515).	912	912	932
Unsubsidized Loans:			
General purpose loans (Section 502) .....	9,830	9,900	9,300
Site loans (Section 524) .....	8	10	9
Moderate-Income Housing Assistance:			
Unsubsidized Loans:			
General purpose loans (Section 502).....	34,241	40,100	36,750
Rental or cooperative loans (Section 515).	241	348	433
Site loans (Section 524) .....	6	8	7
Mobile home park loans .....	- -	- -	2/
Subtotal, Rural Housing Insurance Fund .....	106,338	126,878	114,331
Rural Development Insurance Fund:			
Water and waste disposal loans .....	1,451	1,343	1,250
Community facility loans .....	359	332	307
Business and industrial loans .....	538	498	467
Subtotal, Rural Development Insurance Fund .....	2,348	2,173	2,024
Self-Help Housing Land Development Fund:			
Mutual and self-help housing site loans .....	2	- -	- -
TOTAL LOANS .....	212,693	219,156	175,308

Type of Grant

Rural Water and Waste Disposal Grants:			
Community facilities - water and waste disposal grants .....	896	662	- -
Rural Development Grants:			
Business and industrial grants .....	210	35	- -
Rural Housing for Domestic Farm Labor:			
Domestic farm labor housing grants .....	6	- -	- -

Number of Loans and Grants for All Programs - Continued

Type of Grant	1975 Actual	1976 Estimate	1977 Estimate
Mutual and Self-Help Housing:			
Mutual and self-help housing grants .....	26	- -	- -
Appalachian Regional Commission Grants .....	60	80	- -
Department of Commerce Grants .....	56	60	- -
Department of Army Grants .....	1	1	- -
TOTAL GRANTS .....	1,255	838	- -
GRAND TOTAL, LOANS AND GRANTS .....	213,948	219,994	175,308

1/ Excludes guaranteed loans made under the Emergency Livestock Credit Act of 1974, as amended, P.L. 94-35. During 1975, 3021 guaranteed loans were made. It is estimated that 5940 guaranteed loans will be made in 1976, and 2190 will be made in 1977.

2/ No information is available regarding the number and size of mobile home park loans.





Rural Housing Insurance Fund

(a) Direct Loan Authorization

Appropriation Act, 1976 .....	\$20,000,000
Budget Estimate, 1977 .....	<u>20,000,000</u>
Increase in Loan Authorization .....	<u>- -</u>

PROJECT STATEMENT  
(On basis of authorizations)

Project	: 1975	: 1976	: Increase	:
	:	: (estimated)	: or	: 1977
	:	:	: Decrease	: (estimated)
Direct loan authorizations:	:	:	:	:
Very low-income repair	:	:	:	:
loans .....	:\$4,808,570	\$20,000,000	- -	:\$20,000,000
Unobligated authorization	:	:	:	:
lapsing .....	:15,191,430	- -	- -	- -
Total, loan authorizations ..	:20,000,000	20,000,000	- -	20,000,000

EXPLANATION OF PROGRAM

Direct rural housing loans to individuals may be made on farms, in the open country, and in towns of not more than 10,000 population that are rural in character. In the case of applicants who are deficient in repayment ability, cosigners on promissory notes are permitted.

Direct repair and improvement loans not in excess of \$5,000 are made to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary and to remove health hazards to the families and the community. These loans are made at one percent interest and are repayable in not more than 20 years.

(b) Reimbursement for Losses

Appropriation Act, 1976 .....	\$122,000,000
Budget Estimate, 1977 .....	<u>175,429,000</u>
Increase in Appropriation .....	<u>+53,429,000</u>

PROJECT STATEMENT  
(On basis of appropriation)

Project	: 1975	: 1976	: Increase	:
	:	: (estimated)	: or	: 1977
	:	:	: Decrease	: (estimated)
Reimbursement of additional	:	:	:	:
yield to investors for	:	:	:	:
loans insured after	:	:	:	:
August 1, 1968, (sec.	:	:	:	:
521c) of Housing Act .....	:\$74,893,000	\$86,042,000	:\$-43,254,000	:\$42,788,000
Reimbursement for other	:	:	:	:
losses .....	: 49,699,000	35,958,000	: +96,683,000	:132,641,000
Total .....	:124,592,000	122,000,000	: +53,429,000	:175,429,000



EXPLANATION OF PROGRAM

Section 521(c) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural housing insurance fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers.

In addition, section 517(e) of the Act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

JUSTIFICATION OF INCREASE

(1) An increase of \$53,429,000 for reimbursement of losses (\$122,000,000 available in 1976).

The amount requested will reimburse the Rural housing insurance fund for losses incurred through June 30, 1975, including actual payments made to investors in January of 1975.

An analysis by loan program of the accrued operating deficit, exclusive of unfunded losses and amounts recovered for participation certificate transactions, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Rural Housing Insurance Fund

Operating Income and Expense Statement  
(Dollars in Thousands)

	Income			Expense			Net Total
	Interest	Other	Total	Interest	Write- Offs	Other	
<u>1975 Actual</u>							
Loans:							
General purpose loans .....	\$183,739	\$10,505	\$194,244	\$353,917	\$3,576	\$3,958	\$-167,207
Domestic farm labor loans .....	404	1	405	1,311	625	100	-1,631
Rental or cooperative loans .....	10,904	195	11,098	17,617	6	109	-6,634
Site loans .....	255	-	255	212	-	-	+43
TOTAL .....	195,302	10,701	206,003	373,057	4,207	4,167	-175,429
<u>1976 Estimate</u>							
Loans:							
General purpose loans .....	324,270	19,000	343,270	536,580	5,420	6,000	-204,730
Domestic farm labor loans .....	600	10	610	1,585	755	121	-1,851
Rental or cooperative loans .....	19,650	350	20,000	37,795	325	320	-18,440
Site loans .....	440	3	443	330	-	-	+113
Total .....	344,960	19,363	364,323	576,290	6,500	6,441	-224,908
<u>1977 Estimate</u>							
Loans:							
General purpose loans .....	542,772	31,810	574,582	835,950	8,610	9,150	-279,128
Domestic farm labor loans .....	640	10	650	1,882	900	145	-2,277
Rental or cooperative loans .....	40,160	720	40,880	67,980	715	805	-28,620
Site loans .....	705	5	710	520	-	-	+190
TOTAL .....	584,277	32,545	616,822	906,332	10,225	10,100	-309,835

The following schedules present an analysis of outlays by loan program for fiscal years 1975, 1976, and 1977.

Rural Housing Insurance Fund

Analysis of Outlays by Loan Program

Fiscal Year 1975 Actual  
(In Thousands of Dollars)

	General	Domestic	Rental or	Site	Total
	Purpose	Farm Labor	Cooperative	Loans	
	Loans	Loans	Loans	Loans	
<b>Funds for program operations:</b>					
<b>Funds expended:</b>					
Loans made by the fund .....	2,154,536	5,290	197,760	2,265	2,359,852
Purchase of loans .....	644,528	5,789	28,852	22	679,190
Collections disbursed to investors .....	589,389	338	6,925	-	596,652
Interest expense .....	135,958	570	5,666	45	142,239
Interest credits on loans .....	47,001	-	1,485	-	48,486
Administrative expense .....	702	3	44	1	750
Interest transferred on participation certificates .....	4,403	-	-	-	4,403
Other .....	25,585	229	214	-1	26,026
<b>Total funds expended .....</b>	<b>3,602,106</b>	<b>12,220</b>	<b>240,945</b>	<b>2,332</b>	<b>3,857,602</b>
<b>Funds received:</b>					
Repayments on loans .....	-139,745	-362	-1,554	-309	-141,970
Payments of interest on loans .....	-159,662	-360	-4,128	-113	-164,263
Sale of loans .....	-3,546,572	-9,300	-323,961	-3,548	-3,883,382
Collections received for investors .....	-533,057	-376	-6,069	-	-539,502
Insurance premiums and guarantee fees .....	-8,405	-	-188	-	-8,593
Other .....	-17,942	-82	-230	-18	-18,271
<b>Total funds received .....</b>	<b>-4,405,383</b>	<b>-10,480</b>	<b>-336,130</b>	<b>-3,988</b>	<b>-4,755,980</b>
<b>Outlays .....</b>	<b>-803,277</b>	<b>1,740</b>	<b>-95,185</b>	<b>-1,656</b>	<b>-898,378</b>

# Rural Housing Insurance Fund

## Analysis of Outlays by Loan Program Fiscal Year 1976 Estimate (In Thousands of Dollars)

	General	Domestic	Rental or	Site	Total
	Purpose	Farm Labor	Cooperative	Loans	
	Loans	Loans	Loans	Loans	
Funds for program operations:					
Funds expended:					
Loans made by the fund .....	2,708,230	5,000	300,000	2,500	3,015,730
Purchase of loans .....	564,580	4,950	24,766	20	594,316
Collections disbursed to investors .....	555,000	295	6,705	-	562,000
Interest expense .....	367,650	1,055	17,733	94	386,532
Interest credits on loans .....	33,800	-	1,200	-	35,000
Administrative expense .....	2,580	10	400	10	3,000
Interest transferred on participation certificates .....	3,614	-	-	-	3,614
Other .....	31,310	275	263	2	31,850
Total funds expended .....	4,266,764	11,585	351,067	2,626	4,632,042
Funds received:					
Repayments on loans .....	-294,300	-700	-4,000	-1,000	-300,000
Payments of interest on loans .....	-297,080	-700	-9,970	-250	-308,000
Sale of loans .....	-2,873,545	-7,000	-300,000	-2,500	-3,183,045
Collections received for investors .....	-543,150	-380	-6,470	-	-550,000
Insurance premiums and guarantee fees .....	-8,025	-	-175	-	-8,200
Other .....	-15,010	-65	-239	-17	-15,331
Total funds received .....	-4,031,110	-8,845	-320,854	-3,767	-4,364,576
Outlays .....	235,654	2,740	30,213	-1,141	267,466

Rural Housing Insurance Fund

Analysis of Outlays by Loan Program  
Fiscal Year 1977 Estimate  
(In Thousands of Dollars)

	General Purpose Loans	Domestic Farm Labor Loans	Rental or Cooperative Loans	Site Loans	Total
Funds for program operations:					
Funds expended:					
Loans made by the fund .....	2,478,000	4,000	320,000	3,000	2,805,000
Purchase of loans .....	1,206,020	3,885	48,600	50	1,258,555
Collections disbursed to investors .....	518,130	240	6,630	-	525,000
Interest expense .....	698,150	1,110	37,250	184	736,694
Interest credits on loans .....	29,000	-	1,000	-	30,000
Administrative expense .....	4,170	10	800	20	5,000
Interest transferred on participation certificates .....	2,950	-	-	-	2,950
Other .....	45,690	380	420	10	46,500
Total funds expended .....	4,982,110	9,625	414,700	3,264	5,409,699
Funds received:					
Repayments on loans .....	-431,700	-800	-6,000	-1,500	-440,000
Payments of interest on loans .....	-516,650	-700	-19,150	-500	-537,000
Sale of loans .....	-4,006,400	-7,967	-413,500	-3,100	-4,430,967
Collections received for investors .....	-415,164	-325	-5,230	-	-420,719
Insurance premiums and guarantee fees .....	-7,635	-	-165	-	-7,800
Other .....	-25,780	-115	-520	-20	-26,435
Total funds received .....	-5,403,329	-9,907	-444,565	-5,120	-5,862,921
Outlays .....	-421,219	-282	-29,865	-1,856	-453,222



The following schedule presents an analysis of change in the cash position of the fund.

Rural Housing Insurance Fund

Change in Cash Position of the Fund  
(In Thousands of Dollars)

	<u>1975</u> <u>Actual</u>	<u>1976</u> <u>Estimate</u>	<u>1977</u> <u>Estimate</u>
Cash balance, beginning of period .....	<u>103,080</u>	<u>186,831</u>	<u>138,441</u> a/
Outlays .....	<u>898,378</u>	<u>-267,466</u>	<u>453,222</u>
Funds for financing:			
Treasury borrowings .....	- -	100,000	- -
Appropriation for reimbursement of losses .....	124,592	122,000	175,429
Funds for payment of sales insufficiencies .....	1,866	1,450	1,170
Principal transferred to partici- pation certificates .....	-16,086	-14,380	-12,080
Repayment of borrowings from Treasury .....	<u>-925,000</u>	<u>- -</u>	<u>- -</u>
Net financing .....	<u>-814,627</u>	<u>209,070</u>	<u>164,519</u>
Cash balance, end of period .....	<u>186,831</u>	<u>128,435</u> a/	<u>756,182</u>

a/ The transition quarter is not reported, therefore, these balances are not the same.

As of September 30, 1977, the unpaid principal balance of loans sold under insurance programs is estimated to be \$14,252.6 million. The projected premium interest on loans held by investors through the end of the holding period and on the certificates of beneficial ownership throughout the life of the certificates is estimated to be \$1,600.9 million.

(c) RURAL HOUSING LOANS - OBLIGATIONS  
(Dollars in millions)

	<u>1975 actual</u>		<u>1976 estimate</u>		<u>Change 1977 Amount over 1976</u>	<u>1977 estimate</u>	
	<u>No. of Units</u>	<u>Amount</u>	<u>No. of Units</u>	<u>Amount</u>		<u>No. of Units</u>	<u>Amount</u>
Low-Income Housing Assistance:							
Interest Credit Loans:							
Repair loans (sec. 504) .....	2,099	\$4.8	8,000	\$20.0	- -	7,275	\$20.0
General purpose loans (sec. 502):							
Purchase of new dwellings .....	39,422	859.8	31,750	760.0	\$-27.0(1)	27,750	733.0
Purchase of existing dwellings .....	16,444	319.8	25,400	560.0	-22.0(1)	22,200	538.0
Repair only .....	458	5.5	6,350	73.0	-1.0(1)	5,550	72.0
Refinancing .....	36	.5	- -	- -	- -	- -	- -
Domestic farm labor housing loans (sec. 514) .....	1,097	8.1	- -	- -	- -	- -	- -
Rental or cooperative loans (sec. 515) ...	17,350	242.6	17,360	267.0	+33.0(2)	17,400	300.0
Non-Interest Credit Loans:							
Site loans(sec.524) .	- -	1.2	- -	2.0	- -	- -	2.0
General purpose loans (sec. 502) .....	6,889	97.8	7,000	110.0	+1.0(1)	6,400	111.0
Subtotal, Low-Income Housing Assistance .....	<u>83,795</u>	<u>1,540.1</u>	<u>95,860</u>	<u>1,792.0</u>	<u>-16.0</u>	<u>86,575</u>	<u>1,776.0</u>
Moderate-Income Housing Assistance:							
Non-Interest Credit Loans:							
General purpose loans (sec. 502) .....	31,228	643.3	37,000	840.0	-2.0(1)	33,550	838.0
Rental or cooperative loans (sec. 515) ...	3,553	49.8	4,740	73.0	+27.0(2)	5,800	100.0
Site loans(sec.524) .	- -	.9	- -	1.0	- -	- -	1.0
Mobile home park loans(sec.527) .....	- -	- -	- -	- -	+1.0(3)	- -	1.0
Subtotal, Moderate-Income Housing Assistance .....	<u>34,781</u>	<u>694.0</u>	<u>41,740</u>	<u>914.0</u>	<u>+26.0</u>	<u>39,350</u>	<u>940.0</u>
TOTAL .....	<u>118,576</u>	<u>2,234.1</u>	<u>137,600</u>	<u>2,706.0</u> <sup>1/</sup>	<u>+10.0</u>	<u>125,925</u>	<u>2,716.0</u>

<sup>1/</sup> This total does not include \$10 million for domestic farm labor loans, or \$500 million in insured loan authority that was authorized by the Supplemental Appropriations Act of 1976, P.L. 94-157, approved December 18, 1975. Both the \$10 million and the \$500 million were proposed for rescission in rescission message No. R76-23A transmitted to Congress.

NOTE: The program levels and number of units for 1976 and 1977 are subject to shifts between categories.

EXPLANATION OF PROGRAM

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966 (Public Law 89-309) to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural credit insurance fund to the Rural housing insurance fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural housing direct loan account to the Rural housing insurance fund. Public Law 91-609, approved December 31, 1970, made a number of changes in the loan and grant programs for farm labor housing.

The Housing and Community Development Act of 1974, Public Law 93-383, approved August 22, 1974, provides that loans may be made in areas with a population in excess of 10,000 but less than 20,000 if such an area is not included within a standard metropolitan statistical area and has a serious lack of mortgage credit as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development. On December 18, 1975, FmHA published in the Federal Register, Vol. 40, No. 244, a proposed additional exhibit to FmHA housing regulations. The proposed Exhibit G lists eligible areas by State as well as areas not eligible by State.

Rural housing building and repair loans. Loans are made to enable eligible low and moderate-income applicants to construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. These loans currently bear interest at 8-3/4 percent with provisions for interest credits up to 7-3/4 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design and cost. Insured building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are repayable in not more than 33 years.

Rural rental and cooperative housing loans. Loans are authorized to be made to individuals, corporations, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low and moderate incomes in rural areas. These loans are repayable in not more than 40 years (except loans for housing for the elderly which are repayable in not more than 50 years) and currently bear interest at 9 percent with provision for interest credits up to 8 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies.

Farm labor housing loans. Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of one percent. Loans to organizations may be simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

Mobile home park loans. Loans are authorized to be made to provide sites for mobile homes. The sites must meet minimum property standards to assure livability and durability of a mobile home. The Housing and Community Development Act of 1974, authorized the making of loans for this activity. This authority is proposed for implementation in fiscal year 1977.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$51 million for section 502 low-to-moderate income rural housing loans to individuals (\$2,343 million available in 1976) consisting of:

A decrease of \$27,000,000 for interest credit loans to low-income borrowers for the purchase of new houses.

A decrease of \$22,000,000 for interest credit loans to low-income borrowers for the purchase of existing houses.

A decrease of \$1,000,000 for interest credit loans to low-income borrowers for repair only.

A decrease of \$2,000,000 for non-interest credit loans to moderate-income borrowers.

An increase of \$1,000,000 for non-interest credit loans to low-income borrowers.

Subsidized housing programs have proven to be costly. In fiscal year 1975 premium interest and interest supplements cost the agency over \$84 million.

(2) An increase of \$60 million for section 515 rental or cooperative housing loans to individuals and organizations (\$340 million available in 1976) consisting of:

An increase of \$33,000,000 for interest credit rental or cooperative housing loans.

An increase of \$27,000,000 for non-interest credit rental or cooperative housing loans.

The section 515 rental or cooperative loan levels have been increased. The rental housing program is receiving increased emphasis because there is an increased demand in rural areas for rental units. These units provide housing for both the younger and the older individuals and families living in rural areas whose housing needs can be satisfied by rental units at a lower cost per unit, both to the renter and to the Government. The subsidized program loan level has been increased so that approximately the same number of subsidized units can be produced in 1977 as in 1976. The unsubsidized program has been increased so that 22% more unsubsidized units can be provided in 1977 as in 1976. These unsubsidized loans are currently made at a 9% rate, which is greater than the cost of funds borrowed by the agency from the Federal Financing Bank.

(3) An increase of \$1 million for section 527 mobile home park loans (no funds available in 1976). This program was authorized by the Housing and Community Development Act of 1974, Public Law 93-383. The program level provides for a nominal starter program so that experience in this program can be gained and that the ultimate demand for the program can be assessed.

STATUS OF PROGRAM

Direct Loans

During fiscal year 1975, a total of \$4,815,573 was obligated for 2,554 direct very low-income housing repair loans, including \$7,003 for loan cost items from the authorization to make such loans. The Appropriation Act for 1976 provides the authority to use \$20,000,000 from funds available in the Rural housing insurance fund for direct rural housing loans, the same level of funding is proposed for 1977, as shown in the following table:

	<u>1975 Actual</u>		<u>1976 Estimate</u>		<u>1977 Estimate</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(Thousands)		(Thousands)		(Thousands)	
Very low-income housing repair loans (sec. 504):						
Initial .....	2,099	\$4,321	8,000	\$18,200	7,275	\$18,200
Subsequent .....	455	488	1,500	1,800	1,425	1,800
Recoverable costs ..	- -	7	- -	- -	- -	- -
Total .....	<u>2,554</u>	<u>4,816</u>	<u>9,500</u>	<u>20,000</u>	<u>8,700</u>	<u>20,000</u>

Rural Housing Loans

The following table shows the number and amount of rural housing loans made in 1975 and estimates for the 1976 and 1977 fiscal years.

	<u>1975 Actual</u>		<u>1976 Estimate</u>		<u>1977 Estimate</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(Thousands)		(Thousands)		(Thousands)	
Rural housing building loans (sec. 502):						
Initial .....	94,589	\$1,898,961	107,500	\$2,310,000	95,450	\$2,254,500
Subsequent .....	7,927	27,682	8,600	33,000	8,800	37,500
Rural housing site loans (sec. 524):						
Initial .....	8	1,943	12	2,500	10	2,400
Subsequent .....	6	169	6	500	6	600
Rural rental housing loans (sec. 515):						
Initial .....	903	267,037	1,000	318,000	1,065	372,000
Subsequent .....	250	25,320	260	22,000	300	28,000
Farm labor housing loans (sec. 514):						
Initial .....	97	6,927	- -	- -	- -	- -
Subsequent .....	4	1,139	- -	- -	- -	- -
Mobile home park loans (sec. 527):						
Initial .....	- -	- -	- -	- -	- 1/	1,000
Total .....	<u>103,784</u>	<u>2,229,178</u>	<u>117,378</u>	<u>2,686,000</u>	<u>105,631</u>	<u>2,696,000</u>

1/ To be projected later.



As of January 1, 1975, \$10,094,095,000 had been advanced to 824,938 borrowers under the housing program. Principal payments of \$2,054,043,794 and interest payments of \$1,618,431,805 had been made. Principal write-offs and judgments totaled \$16,748,000.

By January 1, 1975, 176,669 borrowers had paid their rural housing loans in full. As of the same date, cumulative annual installments in the amount of \$1,950,483,000 were due from the 648,269 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$1,953,542,000. This represents cumulative regular payments to cumulative installments of 100 percent.

Extra payments and refunds of \$35,823,000 were also applied to those borrowers' accounts. On January 1, 1975, 59 percent of the total borrowers with outstanding loan balances were ahead of schedule an average of \$190 and 25 percent were behind schedule an average of \$426.

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund  
Account

Very-Low Income Repair Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	219,510	1,000,000	1,000,000
Alaska	- -	- -	- -
Arizona	15,750	100,000	100,000
Arkansas	144,320	800,000	800,000
California	3,500	100,000	100,000
Colorado	30,690	125,000	125,000
Connecticut	- -	50,000	50,000
Delaware	17,850	100,000	100,000
Florida	37,060	200,000	200,000
Georgia	65,420	300,000	300,000
Hawaii	3,500	50,000	50,000
Idaho	8,020	50,000	50,000
Illinois	26,340	125,000	125,000
Indiana	5,900	100,000	100,000
Iowa	56,220	225,000	225,000
Kansas	24,050	125,000	125,000
Kentucky	612,170	2,000,000	2,000,000
Louisiana	121,600	600,000	600,000
Maine	216,440	1,000,000	1,000,000
Maryland	71,340	300,000	300,000
Massachusetts	830	50,000	50,000
Michigan	22,450	100,000	100,000
Minnesota	10,390	75,000	75,000
Mississippi	693,700	2,000,000	2,000,000
Missouri	253,980	1,000,000	1,000,000
Montana	1,940	50,000	50,000
Nebraska	3,890	50,000	50,000
Nevada	- -	50,000	50,000
New Hampshire	950	50,000	50,000
New Jersey	3,100	50,000	50,000
New Mexico	300,350	1,200,000	1,200,000
New York	38,380	200,000	200,000
North Carolina	278,180	1,000,000	1,000,000
North Dakota	8,860	50,000	50,000
Ohio	18,990	100,000	100,000
Oklahoma	65,760	300,000	300,000
Oregon	33,410	150,000	150,000
Pennsylvania	52,040	225,000	225,000
Rhode Island	5,160	50,000	50,000
South Carolina	63,300	300,000	300,000
South Dakota	10,650	75,000	75,000
Tennessee	106,190	400,000	400,000
Texas	480,720	2,000,000	2,000,000
Utah	7,300	50,000	50,000
Vermont	5,150	50,000	50,000
Virginia	59,620	300,000	300,000
Washington	18,450	100,000	100,000
West Virginia	71,190	450,000	450,000
Wisconsin	31,400	125,000	125,000
Wyoming	3,800	50,000	50,000
Guam	- -	- -	- -
Puerto Rico	478,760	2,000,000	2,000,000
Virgin Islands	- -	- -	- -
Total	<u>4,808,570</u>	<u>20,000,000</u>	<u>20,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund  
Account

Low-Moderate Income Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	25,005,090	38,000,000	37,500,000
Alaska	4,642,380	8,000,000	7,000,000
Arizona	26,505,290	38,000,000	37,500,000
Arkansas	40,108,680	43,000,000	42,500,000
California	60,037,140	67,500,000	66,500,000
Colorado	33,874,880	35,000,000	34,000,000
Connecticut	12,824,420	17,500,000	17,000,000
Delaware	10,924,290	12,000,000	11,500,000
Florida	68,277,100	68,000,000	67,000,000
Georgia	27,180,860	31,000,000	30,500,000
Hawaii	16,245,860	16,500,000	16,000,000
Idaho	67,741,180	68,000,000	67,000,000
Illinois	53,422,670	59,500,000	58,000,000
Indiana	63,037,180	71,000,000	70,000,000
Iowa	43,630,480	60,500,000	58,500,000
Kansas	27,195,290	42,000,000	41,000,000
Kentucky	51,877,910	68,000,000	67,000,000
Louisiana	28,586,790	37,500,000	36,500,000
Maine	102,073,710	105,000,000	103,000,000
Maryland	38,403,880	45,000,000	44,000,000
Massachusetts	11,902,640	21,000,000	20,000,000
Michigan	70,723,530	83,500,000	82,000,000
Minnesota	24,838,430	45,000,000	44,000,000
Mississippi	46,840,850	62,500,000	61,000,000
Missouri	36,983,880	52,500,000	51,500,000
Montana	11,767,610	23,000,000	22,500,000
Nebraska	25,783,770	33,000,000	32,500,000
Nevada	5,938,850	6,000,000	5,500,000
New Hampshire	8,818,170	11,500,000	11,000,000
New Jersey	57,378,620	57,000,000	55,500,000
New Mexico	11,678,030	21,000,000	20,000,000
New York	70,080,530	83,500,000	82,000,000
North Carolina	91,714,620	105,000,000	103,000,000
North Dakota	8,948,990	15,500,000	14,500,000
Ohio	42,929,280	45,000,000	44,000,000
Oklahoma	42,377,440	57,500,000	56,500,000
Oregon	31,173,360	54,500,000	53,000,000
Pennsylvania	40,769,720	52,500,000	50,500,000
Rhode Island	4,928,740	6,000,000	5,500,000
South Carolina	32,245,040	35,500,000	35,000,000
South Dakota	10,432,880	22,000,000	21,500,000
Tennessee	71,649,050	87,000,000	85,000,000
Texas	44,627,880	47,000,000	46,000,000
Utah	41,317,340	50,000,000	49,000,000
Vermont	15,520,610	26,000,000	25,000,000
Virginia	120,514,190	105,000,000	103,000,000
Washington	34,560,990	47,000,000	46,000,000
West Virginia	42,861,150	55,500,000	54,500,000
Wisconsin	30,669,960	48,000,000	47,000,000
Wyoming	10,100,990	13,500,000	13,500,000
Guam	- -	2,000,000	2,000,000
Puerto Rico	22,619,250	35,000,000	35,000,000
Virgin Islands	2,351,830	3,000,000	3,000,000
Total	<u>1,926,643,300</u>	<u>2,343,000,000</u>	<u>2,292,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund

Account

Rural Housing Site Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	100,000	100,000
Alaska	- -	- -	- -
Arizona	- -	100,000	100,000
Arkansas	- -	- -	- -
California	- -	100,000	100,000
Colorado	173,000	200,000	200,000
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	652,000	200,000	200,000
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	- -	- -	- -
Illinois	- -	- -	- -
Indiana	- -	- -	- -
Iowa	- -	- -	- -
Kansas	- -	- -	- -
Kentucky	- -	- -	- -
Louisiana	- -	150,000	150,000
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	100,000	100,000
Minnesota	- -	- -	- -
Mississippi	- -	200,000	200,000
Missouri	- -	100,000	100,000
Montana	- -	- -	- -
Nebraska	- -	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	- -	100,000	100,000
New York	- -	- -	- -
North Carolina	266,000	100,000	100,000
North Dakota	- -	100,000	100,000
Ohio	10,000	100,000	100,000
Oklahoma	13,000	200,000	200,000
Oregon	- -	100,000	100,000
Pennsylvania	- -	100,000	100,000
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	61,000	100,000	100,000
Tennessee	- -	- -	- -
Texas	- -	100,000	100,000
Utah	- -	100,000	100,000
Vermont	86,000	100,000	100,000
Virginia	735,500	200,000	200,000
Washington	- -	150,000	150,000
West Virginia	- -	- -	- -
Wisconsin	- -	100,000	100,000
Wyoming	- -	- -	- -
Guam	- -	- -	- -
Puerto Rico	115,900	100,000	100,000
Virgin Islands	- -	- -	- -
Total	<u>2,112,400</u>	<u>3,000,000</u>	<u>3,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund  
Account

Rural Rental Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	4,092,200	4,750,000	5,600,000
Alaska	911,000	2,000,000	2,300,000
Arizona	799,900	2,750,000	3,250,000
Arkansas	1,180,130	3,300,000	3,900,000
California	12,142,800	14,500,000	17,000,000
Colorado	3,653,050	6,500,000	7,500,000
Connecticut	7,176,400	7,000,000	9,500,000
Delaware	2,041,940	3,500,000	4,250,000
Florida	4,367,280	5,500,000	6,500,000
Georgia	3,064,100	4,500,000	5,500,000
Hawaii	163,700	250,000	300,000
Idaho	2,786,080	6,500,000	7,500,000
Illinois	11,664,150	12,300,000	14,500,000
Indiana	9,959,400	11,500,000	13,600,000
Iowa	17,493,460	12,500,000	14,700,000
Kansas	3,515,050	3,000,000	3,500,000
Kentucky	987,670	3,000,000	3,500,000
Louisiana	938,400	3,500,000	4,250,000
Maine	10,990,660	11,000,000	13,000,000
Maryland	1,849,800	3,000,000	3,500,000
Massachusetts	2,019,000	2,500,000	2,900,000
Michigan	19,439,100	15,000,000	17,600,000
Minnesota	9,012,300	10,250,000	12,000,000
Mississippi	4,528,480	5,500,000	6,500,000
Missouri	13,697,980	11,500,000	14,000,000
Montana	3,933,700	4,000,000	4,700,000
Nebraska	1,221,900	1,300,000	1,500,000
Nevada	600,950	650,000	1,000,000
New Hampshire	6,582,450	6,750,000	8,200,000
New Jersey	3,443,770	4,000,000	4,500,000
New Mexico	635,550	2,200,000	2,500,000
New York	2,594,800	7,500,000	8,800,000
North Carolina	6,381,910	5,500,000	6,500,000
North Dakota	3,887,500	5,000,000	5,800,000
Ohio	24,374,190	19,250,000	21,250,000
Oklahoma	1,552,770	4,500,000	5,300,000
Oregon	8,335,940	10,000,000	11,750,000
Pennsylvania	9,606,750	14,500,000	17,000,000
Rhode Island	- -	500,000	600,000
South Carolina	4,629,300	7,300,000	8,600,000
South Dakota	8,924,750	8,000,000	9,400,000
Tennessee	7,767,480	8,000,000	9,400,000
Texas	13,819,050	13,000,000	15,200,000
Utah	1,685,670	2,700,000	3,200,000
Vermont	1,652,000	2,500,000	2,900,000
Virginia	5,292,000	6,000,000	7,000,000
Washington	9,033,850	9,800,000	11,500,000
West Virginia	2,627,400	3,500,000	4,250,000
Wisconsin	13,335,180	14,000,000	16,500,000
Wyoming	1,963,450	2,200,000	2,500,000
Guam	- -	1,750,000	1,750,000
Puerto Rico	- -	10,000,000	11,750,000
Virgin Islands	- -	- -	- -
Total	<u>292,356,340</u>	<u>340,000,000</u>	<u>400,000,000</u>



FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund  
Account

Farm Labor Housing Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	20,000	- -	- -
California	248,300	- -	- -
Colorado	- -	- -	- -
Connecticut	- -	- -	- -
Delaware	163,000	- -	- -
Florida	1,566,300	- -	- -
Georgia	- -	- -	- -
Hawaii	113,000	- -	- -
Idaho	- -	- -	- -
Illinois	- -	- -	- -
Indiana	- -	- -	- -
Iowa	- -	- -	- -
Kansas	- -	- -	- -
Kentucky	- -	- -	- -
Louisiana	82,260	- -	- -
Maine	7,300	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	749,590	- -	- -
Minnesota	- -	- -	- -
Mississippi	2,666,140	- -	- -
Missouri	- -	- -	- -
Montana	- -	- -	- -
Nebraska	95,800	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	30,000	- -	- -
New Mexico	- -	- -	- -
New York	- -	- -	- -
North Carolina	37,000	- -	- -
North Dakota	27,800	- -	- -
Ohio	- -	- -	- -
Oklahoma	- -	- -	- -
Oregon	42,000	- -	- -
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	63,130	- -	- -
South Dakota	- -	- -	- -
Tennessee	938,480	- -	- -
Texas	1,038,110	- -	- -
Utah	- -	- -	- -
Vermont	84,400	- -	- -
Virginia	- -	- -	- -
Washington	93,200	- -	- -
West Virginia	- -	- -	- -
Wisconsin	- -	- -	- -
Wyoming	- -	- -	- -
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>8,065,810</u>	<u>- -</u>	<u>- -</u>





Payment of Sales Insufficiencies

In fiscal years 1967 and 1968, the Farmers Home Administration was authorized to sell to private investors, through the Government National Mortgage Association, participation certificates backed by loan assets in FmHA accounts as follows:

	<u>Direct Loan</u> <u>Account*</u>	<u>Rural Housing</u> <u>Direct Loan Account**</u>	<u>Total</u>
	( -----Dollars in millions----- )		
1967 Sales Authorizations ...	\$488	\$112	\$600
1968 Sales Authorizations ...	<u>600</u>	<u>150</u>	<u>750</u>
	<u>1,088</u>	<u>262</u>	<u>1,350</u>

\* This account was merged with the Agricultural Credit Insurance Fund as of September 30, 1972.

\*\* This account was merged with the Rural Housing Insurance Fund as of June 30, 1970.

Of the 1968 authorization, \$525 million was used in the fiscal year 1968 and \$225 million was carried forward and used in 1969. Sales insufficiencies result from the amount of interest due holders of participation certificates and handling costs in excess of investment income and interest earned on loans pledged as security for the certificates. The interest rates on the certificates are generally higher than the interest rates on the pledged loans. The Agriculture-Environmental and Consumer Protection Appropriation Act, 1974, appropriated, on a permanent indefinite basis, such sums as may be necessary to cover the insufficiencies from the 1968 sale of certificates. The budget authority required for sales authorized in 1968 appropriations is \$1,011 thousand for fiscal year 1975, \$1,450 thousand estimated for fiscal year 1976, and \$1,170 thousand estimated for fiscal year 1977.







Agricultural Credit Insurance Fund

(a) Reimbursement for Losses

Appropriation Act, 1976 .....	\$169,214,000
Budget Estimate, 1977 .....	<u>141,189,000</u>
Decrease in Appropriation .....	<u>-28,025,000</u>

This appropriation is proposed to reimburse the Agricultural Credit Insurance Fund for losses sustained in fiscal year 1975. The annual reimbursement will restore the losses of the fund, exclusive of provision for future losses, unfunded costs, and imputed interest. The decrease in losses to the fund is due to a decrease in the "forgiveness" of principal and interest connected with emergency loans during fiscal year 1975. An analysis of the accrued deficit, broken down by loan type, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, the schedule is prepared on an accrual basis:



Agricultural Credit Insurance Fund

Operating Income and Expense Statement  
(Dollars in Thousands)

	Income		Expense				Net Total
	Interest	Other	Total	Interest	Write- Offs	Other	Total
<u>1975 Actual</u>							
A. Farm Loans to Individuals:							
Farm ownership loans .....	\$53,928	\$354	\$54,282	\$112,469	\$580	\$2,344	\$115,393
Farm production loans .....	52,959	204	53,163	46,184	7,295	4,039	57,518
Emergency disaster loans .....	6,382	11	6,393	26,698	44,477	1,352	72,527
Emergency livestock loans .....	-	-	-	-	-	166	166
Soil and water conservation loans .....	524	1	525	1,145	24	150	1,319
B. Farm Loans to Associations or Groups:							
Irrigation and drainage loans .....	127	-	127	277	-	102	379
Grazing loans .....	1,018	1	1,019	2,540	-	131	2,671
Recreation loans .....	1,659	1	1,660	4,173	235	622	5,030
Indian Tribe land acquisition loans .....	562	-	562	819	-	112	931
Watershed protection and flood prevention loans .....	1,041	3	1,044	2,649	-	176	2,825
Resource conservation and development loans .....	193	-	193	781	15	100	896
C. Inactive loan programs .....	108	5	113	508	107	-	615
TOTAL .....	118,501	580	119,081	198,243	52,733	9,294	260,270
<u>1976 Estimate</u>							
A. Farm Loans to Individuals:							
Farm ownership loans .....	99,429	507	99,936	165,498	866	1,446	167,810
Farm production loans .....	95,990	482	96,472	67,008	10,977	2,525	80,510
Emergency disaster loans .....	11,407	57	11,464	38,703	500	832	40,035
Emergency livestock loans .....	-	-	-	-	-	98	98
Soil and water conservation loans .....	861	4	865	1,444	25	92	1,561
B. Farm Loans to Associations or Groups:							
Irrigation and drainage loans .....	216	-	216	289	-	57	346
Grazing loans .....	1,721	9	1,730	3,466	-	80	3,546
Recreation loans .....	2,798	14	2,812	6,065	346	379	6,790
Indian Tribe land acquisition loans .....	865	-	865	1,155	-	69	1,224
Watershed protection and flood prevention loans .....	1,721	9	1,730	3,755	-	103	3,858
Resource conservation and development loans .....	216	-	216	867	12	57	936
C. Inactive loan programs .....	-	-	-	578	149	-	727
TOTAL .....	215,224	1,082	216,306	288,828	12,875	5,738	307,441
							-91,135

Agricultural Credit Insurance Fund

Operating Income and Expense Statement - Continued  
(Dollars in Thousands)

	Income			Expense			Net Total	
	Interest	Other	Total	Interest	Write- Offs	Other		Total
1977 Estimate								
A. Farm Loans to Individuals:								
Farm ownership loans	\$128,917	\$648	\$129,565	\$205,884	\$982	\$1,198	\$208,064	\$-78,499
Farm production loans	124,452	626	125,078	83,360	12,443	2,092	97,895	27,183
Emergency disaster loans	14,789	74	14,863	48,148	-	689	48,837	-33,974
Emergency livestock loans	-	-	-	-	-	81	81	-81
Soil and water conservation loans	1,116	6	1,122	1,797	28	76	1,901	-779
B. Farm Loans to Associations or Groups:								
Irrigation and drainage loans	279	1	280	359	-	47	406	-126
Grazing loans	2,233	11	2,244	4,312	-	67	4,379	-2,135
Recreation loans	3,628	18	3,646	7,546	393	314	8,253	-4,607
Indian Tribe land acquisition loans	1,116	6	1,122	1,437	-	57	1,494	-372
Watershed protection and flood prevention loans	2,232	11	2,243	4,671	-	86	4,757	-2,514
Resource conservation and development loans	279	1	280	1,078	14	47	1,139	-859
C. Inactive loan programs	-	-	-	719	168	-	887	-887
TOTAL	279,041	1,402	280,443	359,311	14,028	4,754	378,093	-97,650

The following schedules present an analysis of outlays by loan program for fiscal years 1975, 1976 and 1977.

Agricultural Credit Insurance Fund

Analysis of Outlays by Loan Program

Fiscal Year 1975 Actual  
(In Thousands of Dollars)

	Operating : Loans	Farm : Ownership : Loans	Soil & : Water : Loans	Irrig. : & : Loans	Recrea- : tion : Loans	Resource : & : Loans	Flood & : Water : Loans	Indian : Land : Loans	Emer- : gency : Loans	Inac- : tive : Loans	Total
<b>Funds for program operations:</b>											
Funds expended:											
Loans made by the fund .....	526,203	354,685	3,599	2,091	3,465	181	1,316	10,113	656,648	1	1,563,336
Purchase of loans .....	2,924	421,254	3,977	10,913	15,600	944	1,059	573	678	18	458,620
Collections disbursed to											
investors .....	99,898	226,643	3,831	4,651	6,317	402	622	304	1	123	344,048
Interest expense .....	23,129	82,495	962	2,229	3,024	198	704	162	9,017	39	123,217
Interest transferred on											
participation certificates ..	2,318	4,998	31	-	-	-	-	-	-	-	7,348
Sale of loans .....	1,948	4,951	58	150	203	15	26	23	144	7	7,628
Administrative expense .....	-517	11,805	147	155	898	21	73	-36	43	-	12,584
Other .....											
Total funds expended .....	655,903	1,106,833	12,605	20,191	29,507	1,761	3,799	11,276	666,530	188	2,516,779
<b>Funds received:</b>											
Repayments on loans .....	-281,479	-51,970	-985	-1,736	-960	-154	-294	-100	-47,678	-113	-385,957
Payment of interest on loans ..	-40,749	-32,758	-389	-850	-1,322	-99	-166	-380	-2,100	-51	-79,697
Sale of loans .....	-571,793	-845,448	-8,392	-1,160	-5,290	-261	-466	-6	-428,083	-1	-1,861,322
Collections received for											
investors .....	-89,944	-204,106	-3,258	-5,854	-3,808	-556	-653	-299	-	-62	-310,192
Insurance premiums and											
guarantee fees .....	-241	-408	-2	-	-1	-1	-	-	-187	-6	-846
Other .....	-668	-9,572	-171	-183	-737	-5	-69	-42	-72	-7	-11,533
Total funds received .....	-984,875	-1,144,261	-13,196	-9,784	-12,117	-1,076	-1,647	-793	-478,120	-240	-2,649,547
Outlays .....	-328,972	-37,429	-591	10,408	17,390	685	2,153	4,748	188,410	-52	-132,768

Agricultural Credit Insurance Fund

Analysis of Outlays by Loan Program  
Fiscal Year 1976 Estimate  
(In Thousands of Dollars)

	Operating : Loans	Farm : Ownership : Loans	Soil & : Water : Loans : Indiv.	Grazing : Loans	Recreation : Loans	Irrig. : & : Drain. : Loans	Resource : Cons. & : Dev. : Loans	Flood & : Water : Loans	Indian : Land : Loans	Emergency : Loans	Inactive : Loans	Total
<b>Funds for program operations:</b>												
Funds expended:												
Loans made by the fund .....	600,951	351,427	50,026	4,072	2,000	1,250	3,261	21,160	12,584	206,767	-	1,253,498
Purchase of loans .....	1,095	168,417	1,460	4,196	6,203	250	365	82	182	182	20	182,452
Collections disbursed to investors .....	87,000	198,750	3,300	3,900	5,400	200	300	900	150	-	100	300,000
Interest expense .....	45,995	165,765	1,722	4,427	5,903	246	1,230	2,460	210	17,955	50	245,963
Interest transferred on participation certificates ..	1,977	4,254	25	-	-	-	-	-	-	-	-	6,256
Administrative expense .....	1,418	3,642	39	106	144	5	17	72	14	100	3	5,560
Other .....	-1,512	34,676	406	443	2,619	37	184	-74	-5	111	-	36,885
Total funds expended .....	736,924	926,931	56,978	17,144	22,269	1,988	5,357	24,600	13,135	225,115	173	2,030,614
<b>Funds received:</b>												
Repayments on loans .....	-376,800	-40,500	-1,100	-2,200	-1,100	-100	-300	-500	-100	-127,200	-100	-550,000
Payment of interest on loans ..	-86,870	-69,870	-850	-1,700	-2,720	-340	-510	-1,700	-850	-4,420	-170	-170,000
Sale of loans .....	-249,656	-370,040	-3,253	-1,200	-1,626	-250	-500	-450	-10	-186,226	-1	-813,212
Collections received for investors .....	-82,365	-188,735	-2,850	-5,130	-3,420	-285	-570	-1,425	-160	-	-60	-285,000
Insurance premiums and guarantee fees .....	-537	-914	4	-	-2	-2	-	-	-	-418	-13	-1,890
Other .....	-1,050	-15,394	-258	-276	-1,160	-5	-92	-55	-7	-110	-7	-18,414
Total funds received .....	-797,278	-685,453	-8,315	-10,506	-10,028	-982	-1,972	-4,130	-1,127	-318,374	-351	-1,838,516
Outlays .....	-60,354	241,478	48,663	6,638	12,241	1,006	3,385	20,470	12,008	-93,259	-178	192,098

# Agricultural Credit Insurance Fund

## Analysis of Outlays by Loan Program Fiscal Year 1977 Estimate (In Thousands of Dollars)

	Operating Loans	Farm Ownership Loans	Soil & Water Loans	Grazing Loans	Recreation Loans	Irrigation & Drainage Loans	Resource & Conservation Loans	Flood & Water Loans	Indian Land Loans	Emergency Loans	Inactive Loans	Total
<b>Funds for program operations:</b>												
Funds expended:												
Loans made by the fund	586,863	342,125	3,615	3,730	2,000	850	2,501	17,087	7,875	82,025	-	1,048,671
Purchase of loans	1,654	254,348	2,205	6,340	9,372	436	551	176	276	276	20	275,654
Collections disbursed to investors	81,200	185,470	3,080	3,640	5,040	200	280	840	150	-	100	280,000
Interest expense	58,250	209,936	2,180	5,607	7,476	312	1,558	3,115	276	22,739	50	311,499
Interest transferred on participation certificates	1,643	3,536	21	-	-	-	-	-	-	-	-	5,200
Administrative expense	1,163	2,987	32	86	118	5	14	59	11	82	3	4,560
Other	1,652	37,887	443	484	2,861	40	202	81	5	121	-	40,300
Total funds expended	729,121	1,036,289	11,576	19,887	26,867	1,843	5,106	21,196	8,583	105,243	173	1,965,884
<b>Funds received:</b>												
Repayments on loans	439,300	63,100	2,000	3,300	2,000	100	300	500	100	139,200	100	650,000
Payment on interest on loans	115,486	92,886	1,130	2,260	3,616	452	678	2,260	1,130	5,876	226	226,000
Sale of loans	354,222	526,038	4,615	1,200	2,308	250	500	450	10	264,225	1	1,153,819
Collections received for investors	75,140	172,160	2,600	4,680	3,120	260	520	1,300	160	-	60	260,000
Insurance premiums and guarantee fees	264	450	2	-	1	1	-	-	-	205	7	930
Other	1,115	16,354	274	293	1,232	5	98	59	7	117	7	19,561
Total funds received	985,527	870,988	10,621	11,733	12,277	1,068	2,096	4,569	1,407	409,623	401	2,310,310
Outlays	256,406	165,301	955	8,154	14,590	775	3,010	16,627	7,176	304,380	228	344,426



The following schedule presents an analysis of change in the cash position of the fund.

Agricultural Credit Insurance Fund

Change in Cash Position of the Fund  
(In Thousands of Dollars)

	<u>1975 act.</u>	<u>1976 est.</u>	<u>1977 est.</u>
Cash balance, beginning of period .....	<u>245,628</u>	<u>838,624</u>	<u>783,147</u> a/
Outlays .....	<u>132,768</u>	<u>-192,098</u>	<u>344,426</u>
Funds for financing:			
Appropriation for reimbursement of losses .....	485,262	169,214	141,189
Principal transferred on participation certificates .....	<u>-25,033</u>	<u>-24,277</u>	<u>-19,920</u>
Net financing .....	<u>460,229</u>	<u>144,937</u>	<u>121,269</u>
Cash balance, end of period .....	<u>838,624</u>	<u>791,463</u> a/	<u>1,248,842</u>

a/ The transition quarter is not reported, therefore, these balances are not the same.

As of September 30, 1977, the unpaid principal balance of loans sold under insurance programs is estimated to be \$6,984.2 million. The projected liability for premium interest on loans held by investors through the end of the holding period and on certificates of beneficial ownership throughout the life of the certificates is estimated to be \$467.7 million.



(b) AGRICULTURAL CREDIT INSURANCE FUND LOAN LEVELS  
(Dollars in Thousands)

	<u>1975</u> <u>Actual</u>	<u>1976</u> <u>Estimate</u>	<u>Change</u> <u>1977 Over 1976</u>	<u>1977</u> <u>Estimate</u>
Loans to Individuals:				
Farm ownership loans:				
Purchase by non-owners ...	225,471	288,000	-64,000	224,000
Purchase of acreage by owners .....	20,730	27,000	-6,000	21,000
Refinancing real estate indebtedness .....	69,522	90,000	-20,000	70,000
Real estate development:				
Dwellings, new and repair .....	10,364	13,500	-3,000	10,500
Buildings other than dwellings .....	25,546	31,500	-7,000	24,500
Subtotal, farm ownership loans ..	351,633	450,000	-100,000 (1)	350,000
Farm production loans:				
Purchase of livestock ....	69,950	94,000	- -	94,000
Purchase of machinery and equipment .....	116,767	113,000	- -	113,000
Refinancing production indebtedness .....	102,997	137,000	- -	137,000
Annual production expenses	240,143	250,000	- -	250,000
Other .....	20,930	31,000	- -	31,000
Subtotal, farm production loans .	550,787	625,000	- -	625,000
Recreation and other non- farm enterprise .....	748	2,000	- -	2,000
Emergency disaster loans ...	735,021	400,000	-300,000 (2)	100,000
Soil and water loans .....	3,115	53,000	-50,000 (3)	3,000
Subtotal, loans to individuals .....	1,641,304	1,530,000	-450,000	1,080,000
Loans to Associations or Groups:				
Irrigation and drainage loans .....	885	1,000	- -	1,000
Grazing loans .....	3,790	4,000	- -	4,000
Recreation loans .....	163	- -	- -	- -
Indian tribe land acquisi- tion loans .....	9,666	10,000	- -	10,000
Watershed protection loans .	20,000	23,000	- -	23,000
Flood prevention loans .....	175	400	- -	400
Resource conservation and development loans .....	1,925	3,600	- -	3,600
Subtotal, loans to associations or groups .....	36,604	42,000	- -	42,000
TOTAL <sup>1/</sup> .....	1,677,908	1,572,000	-450,000	1,122,000

<sup>1/</sup> Excludes Emergency Livestock Credit Act of 1974, as amended (authorization \$1.5 billion).

## EXPLANATION OF PROGRAM

This fund is used to insure farm ownership, recreation, soil and water, farm operating and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, recreation, Indian land acquisition, watershed protection, flood prevention, and resource conservation and development.

Loans may be made by the fund from available receipts or borrowings from the Treasury. Loans made by the fund are held in a pool as security for certificates of beneficial ownership which are sold primarily to the Federal Financing Bank. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary. With respect to all new loans made from this fund, with the exception of emergency loans, not more than \$500 million may be held in the fund at any one time.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

### Real Estate Loans to Individuals

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans to individuals, and soil and water loans to individuals. Soil and water and recreation loans to individuals are each continued as a separate type of loan because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water and recreation loans to individuals and farm ownership loans to individuals are subject to the same authorizations and limitations but not purposes.

Farm Ownership Loans. Farm ownership loans accompanied by supervisory assistance in farm and financial management are needed to preserve and improve the family farm pattern of American agriculture and to strengthen the economy of rural communities.

Farm ownership loans are used for:

1. Maintaining family farms: Owner-operators of this group of farms who are eligible for loans continue to need farm ownership loan assistance. In many cases this assistance will be needed to help families restructure their debts. A large number of family farm operators have entered into land purchase contracts which contain repayment schedules that are impossible to meet. Others need to utilize their real estate equities to refinance heavy short-term debts. In some instances the owner-operators need real estate credit assistance to make further adjustments in their operations, comply with local sanitation requirements, keep up with advances in agricultural technology, better utilize their land and labor resources and meet changing market requirements. Some farmers eligible for these loans who are operating their farms on a part-time basis need farm ownership loan assistance to increase the income they receive from farming. Many of these part-time farmers have stable nonfarm income and need only a modest boost in farm income to achieve a reasonable standard of living. Loans to finance income-producing recreational enterprises or other nonfarm enterprises also help some farmers make more productive use of their labor.

2. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers in the purchase and enlargement of farms. Farmers eligible for these loans need assistance in combining small tracts of land, making basic soil improvements, establishing permanent pastures, improving or constructing dwellings and essential farm buildings, adding a nonfarm enterprise and taking over measures to increase the efficiency and income-producing capacity of their holdings.

Farm ownership loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to veterans, and either training or farm experience or other training or experience which is determined to be sufficient to assure reasonable prospects of success in the proposed operation, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at 5 percent.

The unpaid indebtedness against a farm or other security at the time the loan is made may not exceed \$225,000 or the market value of the farm or other security. The loan may not exceed \$100,000 or the amount certified by the county committee, whichever is the lesser.

Regulations encourage making a farm ownership loan, when possible, simultaneously with a loan from a Federal Land Bank or private lending institution for authorized farm ownership purposes. Under this policy of participating with private lenders, it has been possible to increase the number of loans made with available farm ownership funds.

Recreation Loans. Insured recreation loans are made to individual farmers and ranchers, under the same terms and limitations as farm ownership loans, for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm or ranch income and permit carrying on sound and successful operations. Such loans are not limited to family-size operations.

Soil and Water Loans. Soil and water loans to individuals are made to a farm tenant or farm owner, a member of a partnership that owns and operates a farm, or a domestic corporation engaged in farming. Applicants must be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Soil and water loans to individuals are not limited to farm operators. Since the basic intent of the soil and water legislation was to promote conservation, development and better use of soil and water resources, these loans may be made to tenants and to non-operator owners. An applicant does not have to have a farm background, training, or experience to be eligible for a soil and water loan unless the soundness of the loan depends on his farming operations. It is not necessary that an applicant receive his income from farming after the loan is made. However, the farm improved with soil and water loan funds must provide a portion of the operator's cash income, except that an applicant may receive a soil and water loan to improve a farm on which the agricultural production may be temporarily eliminated. He may, for example, place his entire farm into grass or forest, and the agricultural income from that unit may be eliminated for several years pending the establishment of the range or forest.

Soil and water loans to individuals may be made only for land and water development, use and conservation. These purposes include a variety of items involving domestic water, irrigation and conservation such as terraces, dikes, reservoirs, ponds, tanks,



cisterns, wells, pipelines, pumping and irrigation equipment, ditches and canals for irrigation and drainage, waterways, and erosion control structures; also drainage of land which is part of an operating farm unit, land clearing, sodding, subsoiling, land leveling, liming, forestation for sustained yield and tree planting for erosion, control or shelter belt purposes.

#### Loans to Associations and Groups

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for association loans and Indian tribe land acquisition loans. The following types of association loans authorized under subtitle A are currently made from the Agricultural Credit Insurance Fund: irrigation and drainage, grazing, recreation, and Indian tribe land acquisition loans. In addition, watershed works of improvement and flood prevention loans are made to associations under the Watershed Protection and Flood Prevention Act, as amended (Public Law 83-566), and resource conservation and development loans are made to associations under section 102 of Public Law 87-703, and other existing Departmental authorities.

Irrigation and Drainage Loans. Irrigation and drainage loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents for projects which include: the application or establishment of soil conservation practices; the construction, improvement, or enlargement of facilities for drainage and the conservation, development, use or control of water, primarily serving farmers and other rural residents. The objectives may be met through such assistance as to a group of farmers and other rural residents to develop community irrigation dams and canals; a soil and water conservation district to purchase heavy earth moving equipment; a community for drainage of land; a group of farmers to develop soil conservation measures such as terraces, shelter belts, and similar development. These loans are made at a 5% interest rate for 40 years or less.

Grazing Loans. Grazing loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents to provide seasonal grazing for livestock belonging to members of the associations. Membership in an association permits a farmer or rancher to graze his livestock on association pasture for the grazing season and return them to his base unit for the balance of the year. Such a plan provides a farmer or rancher an opportunity to increase the size of his operation. These loans are made at a 5% interest rate for 40 years or less.

Recreation Loans. Recreation loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes and other rural residents to provide rural communities with opportunities to develop outdoor oriented recreation facilities for direct use of the residents or to generate other substantial tangible benefits for such communities. These loans are made at a 5% interest rate for 40 years or less. Subsequent loans only, for 1975, are to protect the Government's security interests. This program will be terminated in 1976.

Indian Tribe Land Acquisition Loans. Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof.

### Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources to develop a reasonable standard of living. The use of operating loan funds for this purpose helps to provide parity of opportunity to all rural people and to encourage farm families to remain in rural areas. The Rural Development Act of 1972 authorized operating loans to be made on an insured basis.

Loans are made to assist (1) full-time farm operators to continue to carry on and improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, (4) farmers who are handicapped because of age, physical handicaps, or limited education or potential, to enable them to continue as self-supporting citizens, and (5) rural youths.

Operating loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to rural youths and to veterans a farm background is not required as a condition to obtaining a loan, and either training or farm experience and any other training or experience which is determined to be sufficient to assure reasonable prospects of success on the proposed operation, (3) are or will become operators of not larger than family farms, except for rural youths, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Operating loans may be made for (1) paying costs incident to reorganizing a farming system for more profitable operations, (2) purchasing livestock, poultry and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential operating expenses, including cash rent and costs incident to the production and harvesting of forestry products, (4) financing land and water development, use, and conservation, (5) developing recreation and other nonfarm enterprises, (6) refinancing existing indebtedness, (7) complying with certain safety standards, (8) financing other farm and home needs including but not limited to family subsistence, (9) operating enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and other similar organizations, and (10) paying loan closing costs.

In no case may an operating loan be made which would result in a total principal loan balance outstanding in excess of \$50,000. The amount of each operating loan will be limited to the needs of the applicant and his ability to pay with due consideration given to the proposed farming program and the value of the chattel property, including crops, which will be available as security.

Operating loans may be scheduled for payment over periods from one to seven years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period plus not to exceed 1 percent as determined by the Secretary of Agriculture. The rate for the 1976 fiscal year is 8-1/2 percent.

Regulations provide that other reliable agricultural credit sources will be requested and encouraged to furnish as much as possible of the credit needs of each eligible applicant with the balance being supplied by an operating loan from the Farmers Home Administration.

### Emergency (Disaster) Loans

Subtitle C of the Consolidated Farm and Rural Development Act, as amended by Public Law 94-68, enacted on August 5, 1975, contains authorizations for insured and guaranteed emergency (EM) loans.

Emergency loans are made available in designated areas (counties) where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be designated for emergency loan assistance by (1) the President, as a major disaster or emergency area, (2) the Secretary of Agriculture whenever a natural disaster has substantially affected farming, ranching, or aquaculture operations, or (3) FmHA state directors when not more than 25 farmers, ranchers, and aquaculture operators in any one county have been affected by a natural disaster.

Requests for disaster designations are initiated by a state governor or a local governing body, including Indian tribal councils.

Emergency loans are made to established eligible farmers, ranchers and aquaculture operators for actual losses at 5 percent interest and for annual operating expenses, major adjustments, and other essential needs arising from natural disasters at a market rate of interest as established on January 1 and July 1 of each year by the Secretary of Agriculture. Partnerships and private domestic corporations may also qualify, providing they are primarily engaged in agricultural or aquacultural production.

Applicants must be unable to obtain their needed credit from conventional lending sources, taking into consideration their total resources, in order to be eligible for emergency loan assistance.

Actual loss loans may be made for physical losses to repair, restore, or replace damaged or destroyed farm property and supplies and for production losses to compensate for loss of income based on reduced production of crops, livestock, and livestock products resulting from the disaster.

An applicant who qualifies for an emergency loan based on actual losses may also qualify for additional assistance to purchase livestock, poultry, or other animals and pay costs incident to reorganizing his farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and to refinance debts.

Subsequent emergency loans for annual operating purposes may be made at prevailing interest rates for each year up to five consecutive years after the disaster to permit the borrower sufficient time to recover from the disaster losses and return to his usual credit sources.

Repayment terms vary according to the purpose(s) of the loan and the projected reasonable repayment ability of the borrower. Loans for annual operating expenses are ordinarily repayable from the sale of the year's production; replacement of home furnishings, farm machinery and equipment, and breeding livestock may not exceed 20 years, but will ordinarily be scheduled for a 7-year term; and real estate repair or restoration may not exceed 40 years.

Ordinarily emergency loans are secured by liens on crops, livestock, farm machinery or farm real estate having sufficient equity to adequately secure the full amount of the loan. If the usual collateral cannot be provided because of the disaster losses, loans can in some cases be made on the collateral that is available and on the basis of the applicant's strong repayment ability.

Applications are filed in local FmHA county offices and are accepted for claimed physical losses for 60 days after the date of the emergency designation and for 9 months after the date of designation when production losses are claimed.



### Emergency (Livestock) Loans

The Emergency Livestock Credit Act, Public Law 93-357, approved July 25, 1974, authorized the making of guaranteed loans to provide temporary financing to livestock producers and feeders. The Farmers Home Administration guarantees loans made by banks or other legally organized lenders to farmers and ranchers in order that they may continue their normal farming or ranching operations. The basic law (P.L. 93-357) was amended by enactment of Public Law 94-35 on June 16, 1975. P.L. 94-35 provides for a reduction in the amount of guarantees outstanding to \$1.5 billion (\$2.0 billion under P.L. 93-357) and extends the statutory period for guaranteeing loans to December 31, 1976 (July 25, 1975, under P.L. 93-357).

Loans can be made to individuals, partnerships and corporations who are established, bona fide farmers and ranchers in the United States. Borrowers must be primarily and directly engaged in breeding, raising, fattening or marketing their own beef or dairy cattle, hogs, sheep, goats, chickens, or turkeys.

Funds may be used for agricultural production purposes essential to conducting livestock operations, including replacing livestock, providing feed, paying usual charges for grazing permits or use of land and buildings, providing farm machinery, moving livestock, and for building or repairing pens and fences. Loans cannot be used to expand livestock operations.

P.L. 94-35 enables FmHA to guarantee up to 90 percent of losses (80 percent under P.L. 93-357) on loans made by lending institutions. No fees will be charged by FmHA for the guarantee. The total loans guaranteed for a borrower cannot now exceed \$350,000 (\$250,000 under P.L. 93-357). The interest rates will be those agreed upon by the lender and the borrower. Maximum repayment terms for these loans will be 7 years, with possible renewal for up to 3 additional years (formerly 3 years, with a possible 2-year extension). Loans guaranteed under this Act shall be secured by collateral adequate to protect the Government's interest as determined by the Secretary of Agriculture, provided that the Secretary may accept collateral which has depreciated in value owing to temporary economic conditions and which, in the opinion of the lender, together with his confidence in the repayment ability of the borrower, is adequate security for the loan.

### Watershed Works of Improvement and Flood Prevention Loans

Under Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. FmHA has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116%. For any single plan for works of improvement, the amount of the loan may not exceed \$5 million.

### Resource Conservation and Development Loans

Under Public Law 87-703 and other existing Departmental authorities, loans are made to local sponsoring organizations and to individuals, when needed, for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for

operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116%.

#### JUSTIFICATION OF DECREASES

A decrease of \$450,000,000 for loan programs financed through the Agricultural Credit Insurance Fund consisting of:

(1) A decrease of \$100,000,000 for farm ownership loans (\$450,000,000 available in 1976).

An amount of \$350 million is considered to be adequate to meet genuine need for these loans, taking into account that funds advanced by FmHA are expected to be matched 100 percent by funds from the Federal Land Banks and other lenders. Because farm ownership loans are made at an interest rate of 5 percent, fixed by statute in 1954, they have over subsequent years become subsidized loans. The interest subsidy in these loans will amount to \$77.0 million in FY 1977. Consequently, it is becoming increasingly difficult and expensive to maintain this program level in consideration of the need to hold down federal outlays.

(2) A decrease of \$300,000,000 for emergency loans (\$400,000,000 available in 1976).

The fiscal year 1976 program was increased from an original estimate of \$100 million to \$400 million to meet additional loan requests. Since emergency loan program needs are unpredictable from one year to the next the fiscal year 1977 estimate is reduced to \$100 million, which is the level included in recent budgets. The \$100 million shown does not reflect a limit on the program. The appropriation act provides amounts necessary to meet the needs resulting from natural disasters.

(3) A decrease of \$50,000,000 for soil and water loans to individuals (\$53,000,000 available in 1976).

The fiscal year 1976 program was increased from an original estimate of \$3 million to \$53 million to meet additional loan requests for pollution abatement and control loans. The fiscal year 1977 estimate is reduced to \$3 million. It is believed that the continued demand for pollution abatement loans will be met and supplemented by other FmHA authorizations under the business and industrial and farm ownership loan programs.



STATUS OF PROGRAM

LOANS TO INDIVIDUALS

FARM OWNERSHIP LOANS (sec. 303).

A total of \$351,632,761 was obligated for insured farm ownership loans in 1975, including \$6,655,840 for nonfarm enterprise loans, from the authorization for insured real estate loans. Loan cost items total \$1,897,615.

The Appropriation Act for 1976 provided for real estate loans to be insured totaling \$520,000,000, including not less than \$450,000,000 for insured farm ownership loans.

1. Use of loan funds: The following tabulation shows a breakdown for initial and subsequent insured farm ownership loans for fiscal years 1975, 1976, and 1977.

<u>Farm Ownership Loans</u>	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976 (Est.)</u>		<u>Fiscal Year 1977 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
Initial...	7,549	\$286.6	8,700	\$360.0	6,200	\$280.0
Subsequent	3,049	65.0	3,700	90.0	2,700	70.0
Total...	<u>10,598</u>	<u>351.6</u>	<u>12,400</u>	<u>450.0</u>	<u>8,900</u>	<u>350.0</u>

2. Applications: A total of 30,115 applications for new farm ownership loans were received in 1975. At the end of the year, 13,932 applications were on hand.
3. Loan Activity: Direct and insured loan activity for the last seven fiscal years is shown on the following tables:

Initial Loans

<u>Fiscal Year</u>	<u>Total Direct Initial Loans</u>		<u>Total Insured Initial Loans</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
1969 .....	224	\$4.1	10,214	\$231.6
1970 .....	168	4.3	8,410	217.4
1971 .....	157	4.5	8,365	226.1
1972 .....	- -	- -	10,718	302.2
1973 .....	- -	- -	12,593	356.1
1974 .....	- -	- -	8,728	291.5
1975 .....	- -	- -	7,549	286.6

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans</u> (millions)	<u>Insured Loans</u> (millions)	<u>Total Loans</u> (millions)
1969 .....	\$5.0	\$270.7	\$275.7
1970 .....	5.0	255.2	260.2
1971 .....	5.4	263.0	268.4
1972 .....	- -	355.5	355.5
1973 .....	- -	408.1	408.1
1974 .....	- -	352.2	352.2
1975 .....	- -	351.6	351.6

4. Loan repayments:

As of January 1, 1975, \$4,473,879,064 had been advanced to 265,148 families for the purchase, enlargement and development of farms including some loans for the refinancing of existing indebtedness. Payments by borrowers paid in full or otherwise satisfied amounted to \$1,968,090,977. Of this amount, \$1,528,516,494 represented principal payments and \$439,574,483 interest payments. As of January 1, 1975, 150,740 borrowers had paid their loans in full. On the same date, of those with unpaid balances, 34,990 borrowers were \$36,413,939 ahead of schedule, an average of \$1,040 each; 53,644 were on schedule; and 25,774 were behind schedule \$33,279,375, an average of \$1,291.

RECREATION LOANS TO INDIVIDUALS (sec. 304).

In fiscal year 1975, 11 initial loans were made for \$644,250 and 9 subsequent loans for \$103,500. Loan cost items totaled \$3,561. In fiscal year 1976, it is estimated that 35 initial loans will be made for \$1,700,000 and 15 subsequent loans for \$300,000. It is estimated that in fiscal year 1977, 32 initial loans will be made for \$1,700,000 and 14 subsequent loans for \$300,000. A total of 65 applications for initial recreation loans to individuals were received during the 1975 fiscal year, and 20 were on hand June 30, 1975.



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Farm Ownership Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	7,420,690	9,500,000	7,500,000
Alaska	22,000	2,100,000	100,000
Arizona	3,012,550	5,000,000	3,000,000
Arkansas	11,713,860	13,500,000	11,500,000
California	3,473,860	5,000,000	3,000,000
Colorado	6,168,190	8,000,000	6,000,000
Connecticut	260,460	2,500,000	500,000
Delaware	646,280	2,500,000	500,000
Florida	3,463,820	5,500,000	3,500,000
Georgia	7,243,910	9,000,000	7,000,000
Hawaii	179,400	2,500,000	500,000
Idaho	11,230,930	13,000,000	11,000,000
Illinois	12,460,560	14,500,000	13,000,000
Indiana	10,522,060	12,500,000	10,500,000
Iowa	15,272,850	17,000,000	15,000,000
Kansas	14,222,860	16,000,000	14,000,000
Kentucky	10,974,350	13,000,000	11,000,000
Louisiana	6,223,200	8,000,000	6,000,000
Maine	4,661,870	6,500,000	4,500,000
Maryland	1,898,630	4,000,000	2,000,000
Massachusetts	447,000	2,400,000	500,000
Michigan	7,295,410	9,000,000	7,000,000
Minnesota	14,535,290	16,500,000	14,500,000
Mississippi	10,548,640	12,500,000	10,500,000
Missouri	15,208,250	17,000,000	15,000,000
Montana	6,637,000	8,500,000	6,500,000
Nebraska	15,219,280	17,000,000	15,000,000
Nevada	492,050	2,500,000	500,000
New Hampshire	356,620	2,300,000	500,000
New Jersey	422,800	2,500,000	500,000
New Mexico	2,872,720	5,000,000	3,000,000
New York	6,684,920	8,500,000	6,500,000
North Carolina	9,847,750	12,000,000	10,500,000
North Dakota	13,980,880	16,000,000	14,000,000
Ohio	5,721,170	7,500,000	5,500,000
Oklahoma	15,371,721	17,000,000	15,000,000
Oregon	4,380,070	6,300,000	4,500,000
Pennsylvania	5,190,240	7,000,000	5,000,000
Rhode Island	15,000	2,200,000	400,000
South Carolina	5,861,540	7,700,000	6,000,000
South Dakota	15,361,730	17,000,000	15,000,000
Tennessee	8,728,900	10,500,000	8,500,000
Texas	15,091,860	17,000,000	15,000,000
Utah	3,053,290	5,000,000	3,000,000
Vermont	3,869,030	5,500,000	3,500,000
Virginia	3,606,810	5,500,000	3,500,000
Washington	6,114,100	8,000,000	6,000,000
West Virginia	3,066,150	5,000,000	3,000,000
Wisconsin	14,662,220	16,500,000	14,500,000
Wyoming	2,974,520	5,000,000	3,000,000
Guam	- -	- -	- -
Puerto Rico	2,937,040	5,950,000	3,950,000
Virgin Islands	6,430	50,000	50,000
Total	<u>351,632,761</u>	<u>450,000,000</u>	<u>350,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Recreation Loans (Individual)

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	25,000	25,000
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	- -	- -	- -
California	11,000	25,000	25,000
Colorado	- -	- -	- -
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	- -	- -	- -
Hawaii	126,000	150,000	150,000
Idaho	- -	- -	- -
Illinois	- -	- -	- -
Indiana	108,000	150,000	150,000
Iowa	- -	- -	- -
Kansas	- -	- -	- -
Kentucky	46,500	100,000	100,000
Louisiana	- -	- -	- -
Maine	- -	100,000	100,000
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	- -	- -
Minnesota	117,000	200,000	200,000
Mississippi	- -	50,000	50,000
Missouri	- -	50,000	50,000
Montana	1,500	25,000	25,000
Nebraska	- -	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	- -	- -	- -
New York	127,500	200,000	200,000
North Carolina	181,750	200,000	200,000
North Dakota	- -	- -	- -
Ohio	- -	- -	- -
Oklahoma	- -	50,000	50,000
Oregon	15,000	50,000	50,000
Pennsylvania	- -	100,000	100,000
Rhode Island	- -	- -	- -
South Carolina	- -	75,000	75,000
South Dakota	- -	- -	- -
Tennessee	- -	- -	- -
Texas	- -	50,000	50,000
Utah	- -	50,000	50,000
Vermont	- -	25,000	25,000
Virginia	- -	- -	- -
Washington	8,500	200,000	200,000
West Virginia	- -	- -	- -
Wisconsin	- -	50,000	50,000
Wyoming	- -	25,000	25,000
Guam	- -	- -	- -
Puerto Rico	5,000	50,000	50,000
Virgin Islands	- -	- -	- -
Total	<u>747,750</u>	<u>2,000,000</u>	<u>2,000,000</u>

SOIL AND WATER LOANS (sec. 304).

A total of \$3,114,810 was obligated for insured soil and water loans to individuals in 1975 from the authorization available for insured real estate loans. Loan cost items totaled \$10,723.

The Appropriation Act for 1976 provided for real estate loans to be insured totaling \$520,000,000, including \$53,000,000 for insured soil and water loans to individuals.

1. Applications: During 1975, 1,022 applications for new loans from individuals were received. On June 30, 1975, there were 477 applications on hand.
2. Number and amount of loans: The following table shows the number and amount of insured soil and water loans to individuals made in fiscal year 1975 and estimates for fiscal years 1976 and 1977.

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976 (Est.)</u>		<u>Fiscal Year 1977 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Loans to</u>						
<u>Individuals:</u>						
<u>Insured soil</u>						
<u>and water</u>						
Initial	328	\$2,857.0	5,080	\$47,700.0	270	\$2,700.0
Subsequent	30	257.8	560	5,300.0	30	300.0
Total	<u>358</u>	<u>3,114.8</u>	<u>5,640</u>	<u>53,000.0</u>	<u>300</u>	<u>3,000.0</u>

LOANS TO ASSOCIATIONS AND GROUPS

IRRIGATION AND DRAINAGE, GRAZING, AND RECREATION LOANS TO ASSOCIATIONS (sec. 306).

A total of \$4,838,370 was obligated for these three types of insured loans to associations in 1975 from the authorization available for insured real estate loans. Of this amount, \$885,070 was obligated for loans to irrigation and drainage associations, \$3,790,200 for loans to grazing associations, and \$163,100 for loans to recreation associations.

The Appropriation Act of 1976 provided for real estate loans to be insured totaling \$520,000,000, including \$1,000,000 for loans to irrigation and drainage associations and \$4,000,000 for loans to grazing associations.

1. Applications: During 1975, 249 applications for new loans were received from associations involving irrigation and drainage and grazing activities. On June 30, 1975, there were 215 such applications on hand.
2. Number and amount of loans: The following table shows the number and amount of such insured loans to associations made in fiscal year 1975 and estimates for fiscal years 1976 and 1977.

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976 (Est.)</u>		<u>Fiscal Year 1977 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Loans to</u>						
<u>Associations:</u>						
<u>Irrigation</u>						
<u>and Drainage</u>						
Initial .....	11	\$658.1	12	\$750.0	11	\$750.0
Subsequent...	3	227.0	3	250.0	3	250.0
Total .....	<u>14</u>	<u>885.1</u>	<u>15</u>	<u>1,000.0</u>	<u>14</u>	<u>1,000.0</u>

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976 (Est.)</u>		<u>Fiscal Year 1977 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Grazing</u>						
Initial ...	9	\$2,389.6	9	\$2,400.0	8	\$2,400.0
Subsequent	9	1,400.6	8	1,600.0	8	1,600.0
Subtotal	<u>18</u>	<u>3,790.2</u>	<u>17</u>	<u>4,000.0</u>	<u>16</u>	<u>4,000.0</u>
<u>Recreation</u>						
Initial ....	--	--	--	--	--	--
Subsequent	7	163.1	--	--	--	--
Subtotal	<u>7</u>	<u>163.1</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Total</u> .....	<u>39</u>	<u>4,838.4</u>	<u>32</u>	<u>5,000.0</u>	<u>30</u>	<u>5,000.0</u>

INDIAN TRIBE LAND ACQUISITION LOANS (sec. 306).

In fiscal year 1975, 9 initial loans for \$8,416,000 and 2 subsequent loans for \$1,250,000 were made. It is estimated that 8 initial loans for \$7,500,000 and 3 subsequent loans for \$2,500,000 will be made in fiscal year 1976. In fiscal year 1977, it is estimated that 7 initial loans will be made for \$7,500,000 and 3 subsequent loans for \$2,500,000. A total of 10 applications for Indian Tribe land acquisition loans were received during the 1975 fiscal year, and 12 were on hand June 30, 1975.



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Soil and Water Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	104,550	2,000,000	100,000
Alaska	- -	- -	- -
Arizona	67,200	2,000,000	75,000
Arkansas	353,570	3,500,000	350,000
California	25,500	700,000	25,000
Colorado	- -	1,500,000	- -
Connecticut	- -	100,000	- -
Delaware	- -	100,000	- -
Florida	- -	150,000	- -
Georgia	5,000	1,000,000	5,000
Hawaii	35,000	500,000	35,000
Idaho	302,600	5,000,000	300,000
Illinois	- -	150,000	- -
Indiana	19,500	750,000	20,000
Iowa	132,230	2,500,000	125,000
Kansas	172,650	3,000,000	175,000
Kentucky	89,460	750,000	90,000
Louisiana	60,100	750,000	50,000
Maine	2,000	100,000	- -
Maryland	- -	200,000	- -
Massachusetts	- -	100,000	- -
Michigan	- -	250,000	- -
Minnesota	97,800	1,000,000	100,000
Mississippi	63,520	350,000	50,000
Missouri	402,220	4,500,000	400,000
Montana	60,500	3,500,000	50,000
Nebraska	11,750	1,500,000	10,000
Nevada	45,200	150,000	10,000
New Hampshire	- -	100,000	- -
New Jersey	16,500	200,000	20,000
New Mexico	34,850	700,000	35,000
New York	11,500	150,000	10,000
North Carolina	13,500	500,000	10,000
North Dakota	20,100	1,500,000	20,000
Ohio	45,200	250,000	50,000
Oklahoma	322,770	3,500,000	300,000
Oregon	7,500	500,000	10,000
Pennsylvania	- -	250,000	- -
Rhode Island	- -	100,000	- -
South Carolina	- -	250,000	- -
South Dakota	56,300	1,500,000	50,000
Tennessee	12,200	500,000	10,000
Texas	246,750	3,000,000	250,000
Utah	57,300	1,000,000	50,000
Vermont	10,450	100,000	10,000
Virginia	- -	200,000	- -
Washington	19,800	300,000	20,000
West Virginia	- -	200,000	- -
Wisconsin	153,340	1,000,000	150,000
Wyoming	31,400	1,000,000	30,000
Guam	- -	- -	- -
Puerto Rico	5,000	100,000	5,000
Virgin Islands	- -	- -	- -
Total	<u>3,114,810</u>	<u>53,000,000</u>	<u>3,000,000</u>



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Irrigation and Drainage Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	- -	- -	25,000
California	- -	14,000	- -
Colorado	- -	- -	100,000
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	276,470	132,500	200,000
Illinois	- -	- -	50,000
Indiana	100,000	- -	- -
Iowa	- -	- -	- -
Kansas	- -	- -	- -
Kentucky	- -	- -	- -
Louisiana	- -	- -	- -
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	- -	- -
Minnesota	- -	- -	- -
Mississippi	- -	- -	- -
Missouri	- -	- -	- -
Montana	49,600	135,000	200,000
Nebraska	- -	- -	50,000
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	153,000	- -	50,000
New York	- -	- -	- -
North Carolina	120,000	- -	- -
North Dakota	- -	- -	- -
Ohio	- -	- -	- -
Oklahoma	8,000	- -	- -
Oregon	110,000	628,500	200,000
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	- -	- -	75,000
Tennessee	- -	- -	- -
Texas	- -	90,000	- -
Utah	54,000	- -	- -
Vermont	- -	- -	- -
Virginia	- -	- -	- -
Washington	- -	- -	- -
West Virginia	- -	- -	- -
Wisconsin	14,000	- -	- -
Wyoming	- -	- -	50,000
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>885,070</u>	<u>1,000,000</u>	<u>1,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Grazing Association Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	120,000	125,000	- -
California	- -	- -	- -
Colorado	- -	300,000	500,000
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	350,000	575,000	500,000
Illinois	- -	- -	- -
Indiana	- -	- -	- -
Iowa	- -	- -	- -
Kansas	32,600	- -	- -
Kentucky	- -	- -	- -
Louisiana	- -	- -	- -
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	- -	- -
Minnesota	- -	- -	- -
Mississippi	238,100	- -	- -
Missouri	- -	- -	- -
Montana	713,000	1,000,000	1,000,000
Nebraska	80,000	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	500,000
New Mexico	142,500	- -	- -
New York	- -	- -	- -
North Carolina	- -	- -	- -
North Dakota	- -	- -	- -
Ohio	- -	- -	- -
Oklahoma	- -	- -	- -
Oregon	- -	- -	- -
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	244,000	550,000	1,000,000
Tennessee	- -	- -	- -
Texas	- -	- -	- -
Utah	1,000,000	- -	- -
Vermont	- -	- -	- -
Virginia	- -	- -	- -
Washington	- -	300,000	- -
West Virginia	- -	- -	- -
Wisconsin	- -	- -	- -
Wyoming	870,000	1,150,000	500,000
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>3,790,200</u>	<u>4,000,000</u>	<u>4,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Recreation Facilities Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	- -	- -	- -
California	- -	- -	- -
Colorado	- -	- -	- -
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	- -	- -	- -
Illinois	- -	- -	- -
Indiana	19,000	- -	- -
Iowa	24,000	- -	- -
Kansas	- -	- -	- -
Kentucky	- -	- -	- -
Louisiana	- -	- -	- -
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	- -	- -
Minnesota	- -	- -	- -
Mississippi	- -	- -	- -
Missouri	- -	- -	- -
Montana	- -	- -	- -
Nebraska	14,000	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	- -	- -	- -
New York	- -	- -	- -
North Carolina	- -	- -	- -
North Dakota	60,000	- -	- -
Ohio	- -	- -	- -
Oklahoma	- -	- -	- -
Oregon	- -	- -	- -
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	22,000	- -	- -
Tennessee	- -	- -	- -
Texas	24,100	- -	- -
Utah	- -	- -	- -
Vermont	- -	- -	- -
Virginia	- -	- -	- -
Washington	- -	- -	- -
West Virginia	- -	- -	- -
Wisconsin	- -	- -	- -
Wyoming	- -	- -	- -
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>163,100</u>	<u>- -</u>	<u>- -</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Indian Tribe Land Acquisition  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	1,000,000	300,000	1,000,000
Arkansas	- -	- -	- -
California	- -	- -	- -
Colorado	- -	- -	- -
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	1,250,000	1,000,000	1,000,000
Illinois	- -	- -	- -
Indiana	- -	- -	- -
Iowa	- -	- -	- -
Kansas	- -	- -	- -
Kentucky	- -	- -	- -
Louisiana	- -	- -	- -
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	- -	- -	- -
Minnesota	- -	- -	- -
Mississippi	- -	- -	- -
Missouri	- -	- -	- -
Montana	- -	3,600,000	2,000,000
Nebraska	380,000	- -	100,000
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	- -	- -	400,000
New York	- -	- -	- -
North Carolina	- -	- -	- -
North Dakota	1,500,000	1,000,000	500,000
Ohio	- -	- -	- -
Oklahoma	- -	100,000	200,000
Oregon	- -	- -	800,000
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	- -	4,000,000	2,000,000
Tennessee	- -	- -	- -
Texas	- -	- -	- -
Utah	- -	- -	- -
Vermont	- -	- -	- -
Virginia	- -	- -	- -
Washington	4,036,000	- -	1,000,000
West Virginia	- -	- -	- -
Wisconsin	- -	- -	- -
Wyoming	1,500,000	- -	1,000,000
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>9,666,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

OPERATING LOANS (sec. 311).

The Appropriation Act of 1976 provided authority for a \$625,000,000 loan level for operating loans. A total of \$550,786,750 was obligated for operating loans in 1975. Loan cost itmes totaled \$73,409.

1. Use of operating loan funds: The major portion of the operating loan funds in 1975 was used to assist farmers in making basic adjustments in their farming operations. An analysis of initial and subsequent operating loans indicates that 12.7 percent of the funds were used for purchase of livestock, 21.2 percent for purchase of machinery and equipment, 18.7 percent for refinancing existing debts secured by livestock and equipment and unsecured debts, and 43.6 percent for current farm operating expenses. The other 3.8 percent was used for real estate improvements, family living expenses and other minor expense items. Funds used for refinancing existing indebtedness amount to 18.7 percent, an increase of 8.1 percent from the comparable portion so used in 1974.
2. Applications: A total of 34,655 applications for initial operating loans were received in 1975. At the end of the year, 5,908 applications were on hand.
3. Number and amount of loans: The following tabulation shows the number and amount of initial and subsequent farm operating loans for fiscal year 1975 and estimates for fiscal years 1976 and 1977.

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976 (Est.)</u>		<u>Fiscal Year 1977 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Farm Operating Loans:</u>						
Initial ....	20,560	\$302.3	22,500	\$375.0	20,000	\$375.0
Subsequent..	<u>28,694</u>	<u>248.5</u>	<u>27,400</u>	<u>250.0</u>	<u>24,500</u>	<u>250.0</u>
Total ....	<u>49,254</u>	<u>550.8</u>	<u>49,900</u>	<u>625.0</u>	<u>44,500</u>	<u>625.0</u>

4. Collections: A summary of the current and cumulative activity on operating loans is tabulated below.

<u>Fiscal Year</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
	(-----Dollars in Millions-----)			
1969	\$275.0	\$268.4	\$32.3	\$300.7
1970	274.5	264.2	26.8	291.0
1971	273.7	277.3	41.3	318.6
1972	326.2	277.5	41.8	319.3
1973	446.8	292.3	49.1	341.4
1974	514.2	376.6	53.8	430.4
1975	526.3	352.9	60.5	413.4



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Farm Operating Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	13,314,260	13,000,000	13,000,000
Alaska	15,000	2,100,000	2,100,000
Arizona	3,701,940	5,100,000	5,100,000
Arkansas	17,150,050	18,800,000	18,800,000
California	5,773,070	6,700,000	6,700,000
Colorado	5,696,080	8,200,000	8,200,000
Connecticut	639,300	2,800,000	2,800,000
Delaware	658,610	2,800,000	2,800,000
Florida	6,836,490	8,200,000	8,200,000
Georgia	21,730,730	22,000,000	22,000,000
Hawaii	218,300	2,300,000	2,300,000
Idaho	16,259,090	16,000,000	16,000,000
Illinois	12,892,658	14,800,000	14,800,000
Indiana	10,453,540	11,900,000	11,900,000
Iowa	18,177,070	18,400,000	18,400,000
Kansas	12,264,292	14,400,000	14,400,000
Kentucky	10,531,020	13,800,000	13,800,000
Louisiana	27,143,920	26,000,000	26,000,000
Maine	12,829,480	15,000,000	15,000,000
Maryland	2,698,520	4,400,000	4,400,000
Massachusetts	414,230	2,500,000	2,500,000
Michigan	11,921,850	14,000,000	14,000,000
Minnesota	17,209,500	18,400,000	18,400,000
Mississippi	23,986,250	24,400,000	24,400,000
Missouri	17,152,280	22,600,000	22,600,000
Montana	7,708,396	10,200,000	10,200,000
Nebraska	10,217,400	12,800,000	12,800,000
Nevada	1,446,700	3,000,000	3,000,000
New Hampshire	473,530	2,500,000	2,500,000
New Jersey	3,451,470	5,500,000	5,500,000
New Mexico	4,370,610	6,400,000	6,400,000
New York	14,960,367	14,500,000	14,500,000
North Carolina	38,774,224	33,800,000	33,800,000
North Dakota	11,598,020	15,400,000	15,400,000
Ohio	5,425,180	7,900,000	7,900,000
Oklahoma	22,501,151	24,400,000	24,400,000
Oregon	5,026,990	6,600,000	6,600,000
Pennsylvania	8,542,730	9,500,000	9,500,000
Rhode Island	52,340	2,200,000	2,200,000
South Carolina	15,103,270	13,800,000	13,800,000
South Dakota	20,689,288	22,500,000	22,500,000
Tennessee	11,006,390	11,800,000	11,800,000
Texas	51,085,085	45,000,000	45,000,000
Utah	2,956,930	5,900,000	5,900,000
Vermont	3,910,660	5,700,000	5,700,000
Virginia	7,808,730	7,800,000	7,800,000
Washington	7,666,960	9,200,000	9,200,000
West Virginia	2,717,640	6,100,000	6,100,000
Wisconsin	18,983,389	24,300,000	24,300,000
Wyoming	3,507,230	6,100,000	6,100,000
Guam	-	-	-
Puerto Rico	1,078,240	3,000,000	3,000,000
Virgin Islands	56,300	500,000	500,000
Total	<u>550,786,750</u>	<u>625,000,000</u>	<u>625,000,000</u>

EMERGENCY LOANS (sec. 321).

As of June 30, 1975, the cumulative principal outstanding for emergency loans was \$662 million. Since the inception of the program loan advances have totaled \$2,939 million, and loan repayments have been \$1,703 million. Loan repayments do not include amounts written off under various authorities.

Loan Obligations: Direct emergency loans obligated from the Emergency Credit Revolving Fund from fiscal years 1969 through 1972 and emergency loans obligated from the Agricultural Credit Insurance Fund from fiscal years 1972 through 1975, and estimates for fiscal years 1976 and 1977 are shown below:

<u>Fiscal Year</u>	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(-----Dollars in Thousands-----)					
1969 (direct)	13,496	\$75,369	7,176	\$39,287	20,672	\$114,656
1970 (direct)	7,808	56,371	4,979	33,116	12,787	89,487
1971 (direct)	16,025	101,216	3,779	26,419	19,804	127,636
1972 (direct)	2,750	22,338	1,127	7,166	3,877	29,504
1972 (insured)	6,966	61,082	2,136	18,325	9,102	79,408
1973 (insured)	124,783	527,727	3,884	30,043	128,667	557,770
1974 (insured)	22,016	117,362	418	10,975	22,434	128,337
1975 (insured)	42,976	722,264	699	12,757	43,675	735,021
Est. 1976						
(insured)	20,800	380,000	1,200	20,000	22,000	400,000
Est. 1977						
(insured)	5,200	95,000	300	5,000	5,500	100,000

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Emergency Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY. 1977</u>
Alabama	911,820	400,000	- -
Alaska	- -	- -	- -
Arizona	5,000	- -	- -
Arkansas	1,933,380	6,000,000	- -
California	113,780	100,000	- -
Colorado	1,891,240	100,000	- -
Connecticut	- -	- -	- -
Delaware	999,180	- -	- -
Florida	1,151,830	500,000	- -
Georgia	1,906,300	1,000,000	- -
Hawaii	40,000	- -	- -
Idaho	37,600	200,000	- -
Illinois	59,424,495	23,000,000	- -
Indiana	13,120,070	12,000,000	- -
Iowa	44,125,830	30,000,000	- -
Kansas	29,343,824	10,000,000	- -
Kentucky	1,985,095	1,000,000	- -
Louisiana	14,988,832	6,000,000	- -
Maine	1,000	400,000	- -
Maryland	- -	300,000	- -
Massachusetts	169,600	100,000	- -
Michigan	27,993,230	25,000,000	- -
Minnesota	63,548,252	20,000,000	- -
Mississippi	88,280,320	15,000,000	- -
Missouri	76,827,436	40,000,000	- -
Montana	20,650	500,000	- -
Nebraska	15,289,750	30,000,000	- -
Nevada	208,300	500,000	- -
New Hampshire	- -	- -	- -
New Jersey	- -	1,000,000	- -
New Mexico	4,159,960	2,500,000	- -
New York	1,372,410	200,000	- -
North Carolina	289,130	100,000	- -
North Dakota	19,776,960	20,000,000	- -
Ohio	670,732	100,000	- -
Oklahoma	1,961,550	6,000,000	- -
Oregon	103,320	100,000	- -
Pennsylvania	91,950	100,000	- -
Rhode Island	- -	- -	- -
South Carolina	1,124,430	200,000	- -
South Dakota	24,572,020	25,000,000	- -
Tennessee	16,125,362	5,000,000	- -
Texas	119,721,621	35,000,000	- -
Utah	2,542,450	300,000	- -
Vermont	- -	- -	- -
Virginia	5,800	- -	- -
Washington	1,373,600	100,000	- -
West Virginia	- -	100,000	- -
Wisconsin	83,614,030	75,000,000	- -
Wyoming	1,968,400	1,000,000	- -
Guam	- -	- -	- -
Puerto Rico	11,136,758	6,000,000	- -
Virgin Islands	93,240	100,000	- -
Total	<u>735,020,537</u>	<u>400,000,000</u>	<u>100,000,000 a/</u>

a/ Represents the budget estimate for 1977 which cannot be distributed by geographic area at this time.

WATERSHED WORKS OF IMPROVEMENT AND FLOOD PREVENTION LOANS (sec. 8-P.L. 83-566).

Number and amount of loans: The following table shows the number and amount of watershed works of improvement and flood prevention loans made in fiscal year 1975 and estimates for fiscal years 1976 and 1977.

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976(Est.)</u>		<u>Fiscal Year 1977(Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Watershed works of improvement loans</u>						
Initial .....	13	\$15,232.6	15	\$17,200.0	14	\$17,200.0
Subsequent ....	10	4,767.4	10	5,800.0	9	5,800.0
Subtotal ....	<u>23</u>	<u>20,000.0</u>	<u>25</u>	<u>23,000.0</u>	<u>23</u>	<u>23,000.0</u>
<u>Flood prevention loans</u>						
Initial .....	2	175.0	4	400.0	4	400.0
Subsequent ...	- -	- -	- -	- -	- -	- -
Subtotal ...	<u>2</u>	<u>175.0</u>	<u>4</u>	<u>400.0</u>	<u>4</u>	<u>400.0</u>
Total .....	<u>25</u>	<u>20,175.0</u>	<u>29</u>	<u>23,400.0</u>	<u>27</u>	<u>23,400.0</u>

Characteristics of loan requests: Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about \$585,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations' share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty and other multiple-purpose improvements.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS (sec. 102-P.L. 87-703).

Number and amount of loans: The following table shows the number and amount of resource conservation and development loans made in fiscal year 1975 and estimates for fiscal years 1976 and 1977.

	<u>Fiscal Year 1975</u>		<u>Fiscal Year 1976(Est.)</u>		<u>Fiscal Year 1977(Est.)</u>	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Resource conservation and development loans</u>						
Initial .....	19	\$1,710.7	34	\$3,200.0	32	\$3,200.0
Subsequent ....	6	214.0	9	400.0	8	400.0
Total .....	<u>25</u>	<u>1,924.7</u>	<u>43</u>	<u>3,600.0</u>	<u>40</u>	<u>3,600.0</u>



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Watershed Improvement Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	- -	- -
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	648,000	800,000	800,000
California	2,360,400	1,180,000	1,000,000
Colorado	- -	- -	- -
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	- -	- -	- -
Georgia	425,000	425,000	400,000
Hawaii	5,000,000	1,000,000	1,000,000
Idaho	65,000	65,000	100,000
Illinois	49,600	200,000	200,000
Indiana	4,550,000	- -	500,000
Iowa	600,000	1,500,000	1,500,000
Kansas	- -	1,500,000	1,500,000
Kentucky	330,000	680,000	500,000
Louisiana	- -	- -	500,000
Maine	- -	- -	- -
Maryland	- -	- -	- -
Massachusetts	- -	- -	- -
Michigan	1,428,000	2,900,000	2,500,000
Minnesota	400,000	775,000	500,000
Mississippi	- -	260,000	300,000
Missouri	- -	600,000	500,000
Montana	785,000	785,000	600,000
Nebraska	- -	- -	- -
Nevada	- -	- -	- -
New Hampshire	- -	- -	- -
New Jersey	- -	- -	- -
New Mexico	- -	- -	200,000
New York	- -	- -	- -
North Carolina	1,500,000	2,000,000	2,000,000
North Dakota	- -	285,000	200,000
Ohio	- -	- -	- -
Oklahoma	- -	2,000,000	2,000,000
Oregon	1,052,000	5,000,000	5,000,000
Pennsylvania	- -	- -	- -
Rhode Island	- -	- -	- -
South Carolina	247,000	- -	200,000
South Dakota	- -	55,000	100,000
Tennessee	110,000	110,000	100,000
Texas	- -	- -	- -
Utah	- -	- -	- -
Vermont	- -	- -	- -
Virginia	- -	- -	- -
Washington	- -	- -	- -
West Virginia	450,000	480,000	400,000
Wisconsin	- -	200,000	200,000
Wyoming	- -	200,000	200,000
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>20,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>



FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Flood Prevention Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
MISSISSIPPI	175,000	200,000	200,000
TEXAS	<u>- -</u>	<u>200,000</u>	<u>200,000</u>
Total	175,000	400,000	400,000

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund  
Account

Resource Conservation and Development Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	- -	50,000	50,000
Alaska	- -	- -	- -
Arizona	- -	- -	- -
Arkansas	- -	50,000	50,000
California	- -	- -	- -
Colorado	208,000	- -	100,000
Connecticut	- -	- -	- -
Delaware	- -	- -	- -
Florida	200,000	- -	100,000
Georgia	- -	- -	- -
Hawaii	- -	- -	- -
Idaho	50,100	- -	25,000
Illinois	- -	250,000	200,000
Indiana	- -	- -	- -
Iowa	- -	655,000	500,000
Kansas	- -	250,000	225,000
Kentucky	- -	- -	- -
Louisiana	- -	- -	- -
Maine	270,000	160,000	200,000
Maryland	- -	- -	- -
Massachusetts	70,000	70,000	50,000
Michigan	- -	- -	- -
Minnesota	- -	- -	- -
Mississippi	- -	- -	- -
Missouri	- -	- -	- -
Montana	52,100	60,000	100,000
Nebraska	- -	- -	- -
Nevada	- -	- -	- -
New Hampshire	250,000	- -	100,000
New Jersey	- -	- -	- -
New Mexico	- -	- -	- -
New York	- -	- -	- -
North Carolina	- -	- -	- -
North Dakota	- -	- -	- -
Ohio	- -	- -	- -
Oklahoma	- -	100,000	100,000
Oregon	133,000	50,000	100,000
Pennsylvania	14,000	15,000	- -
Rhode Island	- -	- -	- -
South Carolina	- -	- -	- -
South Dakota	- -	250,000	200,000
Tennessee	195,000	300,000	300,000
Texas	- -	- -	- -
Utah	195,000	- -	100,000
Vermont	217,500	220,000	100,000
Virginia	- -	- -	- -
Washington	- -	- -	- -
West Virginia	- -	- -	- -
Wisconsin	- -	- -	- -
Wyoming	70,000	1,120,000	1,000,000
Guam	- -	- -	- -
Puerto Rico	- -	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>1,924,700</u>	<u>3,600,000</u>	<u>3,600,000</u>









RURAL DEVELOPMENT INSURANCE FUND

(a) Reimbursement for Losses

Appropriation Act, 1976 .....	\$25,214,000
Budget Estimate, 1977 .....	<u>47,484,000</u>
Increase in Appropriation .....	<u>+22,270,000</u>

This appropriation is proposed to reimburse the Rural Development Insurance Fund for funded losses incurred in fiscal year 1975. An analysis by loan program of the accrued operating deficit, exclusive of unfunded losses, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Rural Development Insurance Fund

Operating Income and Expense Statement  
(Dollars in Thousands)

	Income		Expense				Net Total	
	Interest	Other	Total	Interest	Write- Offs	Other		Total
1975 Actual								
Loans:								
Community Facilities:								
Water Supply .....	\$25,069	\$13	\$25,082	\$58,496	\$29	\$18	\$58,543	\$-33,461
Waste Disposal .....	9,491	-	9,491	17,347	-	15	17,362	-7,871
Combination Water Supply and Waste Disposal .....	3,714	-	3,714	8,091	-	4	8,095	-4,381
Community Facilities:								
Other than Water and Waste Loans .....	834	-	834	2,385	-	-	2,385	-1,551
Business and Industrial Loans .....	72	-	72	275	-	17	292	-220
TOTAL .....	39,180	13	39,193	86,594	29	54	86,677	-47,484
1976 Estimate								
Loans:								
Community Facilities:								
Water Supply .....	26,368	10	26,378	94,723	28	18	94,769	-68,391
Waste Disposal .....	9,888	-	9,888	27,860	-	15	27,875	-17,987
Combination Water Supply and Waste Disposal .....	4,038	-	4,038	12,537	-	4	12,541	-8,503
Community Facilities:								
Other than Water and Waste Loans .....	824	-	824	3,761	-	-	3,761	-2,937
Business and Industrial Loans .....	82	-	82	418	-	-	418	-336
TOTAL .....	41,200	10	41,210	139,299	28	37	139,364	-98,154

Rural Development Insurance Fund

Operating Income and Expense Statement - Continued  
(Dollars in Thousands)

	Income			Expense				Net
	Interest	Other	Total	Interest	Write-Offs	Other	Total	
1977 Estimate								
Loans:								
Community Facilities:								
Water Supply .....	\$43,527	\$8	\$43,535	\$142,886	\$28	\$18	\$142,932	
Waste Disposal .....	16,322	-	16,322	42,026	-	15	42,041	
Combination Water Supply and Waste Disposal .....	6,665	-	6,665	18,912	-	4	18,916	
Community Facilities:								
Other than Water and Waste Loans .....	1,360	-	1,360	5,673	-	-	5,673	
Business and Industrial Loans .....	136	-	136	630	-	-	630	
TOTAL .....	68,010	8	68,018	210,127	28	37	210,192	
							</	

The following schedules present an analysis of outlays by loan program for fiscal years 1975, 1976 and 1977.

# Rural Development Insurance Fund

## Analysis of Outlays by Loan Program

Fiscal Year 1975 Actual  
(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Community Facilities Loans	Insured Business & Industrial Loans	Total
<b>Funds for program operations:</b>						
Funds expended:						
Loans made by the fund .....	271,540	74,216	35,621	42,857	5,397	429,631
Purchase of loans .....	69,995	3,268	6,007	-	-	79,271
Collections disbursed to investors .....	31,900	5,646	3,946	-	-	41,492
Interest expense .....	33,007	8,699	4,180	1,508	186	47,581
Other .....	208	-176	12	-2	7	50
Total funds expended .....	406,650	91,653	49,768	44,364	5,591	598,025
<b>Funds received:</b>						
Repayments on loans .....	-5,855	-3,194	-838	-295	-3	-10,185
Payment of interest on loans .....	-19,879	-7,971	-3,027	-292	-54	-31,222
Sale of loans .....	-432,377	-114,585	-55,393	-65,901	-8,279	-676,535
Collections received for investors .....	-33,886	-7,400	-4,436	-	-	-45,722
Insurance premiums and guarantee fees .....	-13	-	-1	-	-612	-626
Other .....	-1,870	-128	-179	-1	-	-2,179
Total funds received .....	-493,881	-133,278	-63,873	-66,489	-8,947	-766,468
Outlays .....	-87,231	-41,625	-14,105	-22,125	-3,356	-168,443

Rural Development Insurance Fund

Analysis of Outlays by Loan Program  
Fiscal Year 1976 Estimate  
(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Community Facilities Loans	Insured Business & Industrial Loans	Total
<b>Funds for program operations:</b>						
Funds expended:						
Loans made by the fund .....	295,685	124,424	54,172	131,743	11,240	617,264
Purchase of loans .....	106,931	4,990	9,179	-	-	121,100
Collections disbursed to investors .....	31,349	5,550	3,878	-	-	40,777
Interest expense .....	67,979	18,236	8,772	7,212	903	103,102
Other .....	2,531	26	300	-	22	2,879
Total funds expended .....	504,475	153,226	76,301	138,955	12,165	885,122
<b>Funds received:</b>						
Repayments on loans .....	-6,120	-3,338	-876	-308	-3	-10,645
Payment of interest on loans .....	-21,838	-8,757	-3,325	-321	-59	-34,300
Sale of loans .....	-476,765	-126,502	-61,142	-72,766	-9,141	-746,316
Collections received for investors .....	-32,980	-7,202	-4,318	-	-	-44,500
Insurance premiums and guarantee fees .....	-11	-	-	-	-2,930	-2,941
Other .....	-3,460	-237	-331	-2	-	-4,030
Total funds received .....	-541,174	-146,036	-69,992	-73,397	-12,133	-842,732
Outlays .....	-36,699	7,190	6,309	65,558	32	42,390



Rural Development Insurance Fund

Analysis of Outlays by Loan Program  
Fiscal Year 1977 Estimate  
(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Community Facilities Loans	Insured Business & Industrial Loans	Total
<b>Funds for program operations:</b>						
Funds expended:						
Loans made by the fund .....	243,057	124,435	37,820	155,105	14,803	575,220
Purchase of loans .....	90,838	4,238	7,798	-	-	102,874
Collections disbursed to investors .....	31,003	5,489	3,835	-	-	40,327
Interest expense .....	114,248	30,952	14,894	14,681	1,840	176,615
Other .....	2,146	22	255	-	19	2,442
Total funds expended .....	481,292	165,136	64,602	169,786	16,662	897,478
Funds received:						
Repayments on loans .....	11,667	-6,365	-1,670	-588	-5	-20,295
Payment of interest on loans .....	36,148	-14,495	-5,504	-531	-97	-56,775
Sale of loans .....	461,370	-121,621	-58,841	-69,900	-8,781	-720,513
Collections received for investors .....	32,610	-7,121	-4,269	-	-	-44,000
Insurance premiums and guarantee fees .....	-9	-	-	-	-4,140	-4,149
Other .....	-3,383	-231	-324	-2	-	-3,940
Total funds received .....	-545,187	-149,833	-70,608	-71,021	-13,023	-849,672
Outlays .....	-63,895	15,303	-6,006	98,765	3,639	47,806

The following schedule presents an analysis of change in the cash position of the fund.

Rural Development Insurance Fund

Change in Cash Position of the Fund  
(In Thousands of Dollars)

	1975 <u>Actual</u>	1976 <u>Estimated</u>	1977 <u>Estimated</u>
Cash balance, beginning of period ....	<u>10,920</u>	<u>58,098</u>	<u>14,592 a/</u>
Outlays .....	<u>168,443</u>	<u>-42,390</u>	<u>-47,806</u>
Funds for financing:			
Treasury borrowings .....	- -	- -	60,000
Appropriation for reimburse- ment of losses .....	17,446	25,214	47,484
Repayment of borrowings from Treasury .....	<u>-138,711</u>	<u>- -</u>	<u>- -</u>
Net financing .....	<u>-121,265</u>	<u>25,214</u>	<u>107,484</u>
Cash balance, end of period .....	<u>58,098</u>	<u>40,922 a/</u>	<u>74,270</u>

a/ The transition quarter is not reported, therefore, these balances are not the same.

As of Sept. 30, 1977, the unpaid principal balance of loans sold under insurance programs is estimated to be \$3,712.1 million. The projected liability for premium interest on loans held by investors through the end of the holding period and on certificates of beneficial ownership throughout the life of the certificates is estimated to be \$403.1 million.

(b) Loan Levels

	1975 <u>Actual</u>	1976 <u>Estimated</u>	Change 1977 over 1976	1977 <u>Estimated</u>
	(-----Dollars in thousands-----)			
Rural Development Assistance:				
Water and waste disposal loans:				
Water supply .....	301,246	301,200	- -	301,200
Sewage disposal, collection and treatment .....	167,296	167,300	- -	167,300
Solid waste disposal .....	<u>1,445</u>	<u>1,500</u>	<u>- -</u>	<u>1,500</u>
Subtotal, water and waste disposal loans .....	469,987	470,000	- -	470,000
Community facilities loans .....	199,998	200,000	- -	200,000
Business & Industrial loans .....	<u>349,994</u>	<u>350,000</u>	<u>- -</u>	<u>350,000</u>
Total .....	<u>1,019,979</u>	<u>1,020,000</u>	<u>- -</u>	<u>1,020,000</u>

EXPLANATION OF PROGRAM

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance Fund under section 309A of the Consolidated Farm and Rural Development Act. This Act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans related to water and waste disposal facilities, the development of rural business, community facilities, pollution abatement, and economic development in rural areas.

1. Water and waste disposal systems loans. Loans are made to organizations including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.
2. Community facility loans. Loans are made to organizations, including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, traffic control, and community, social, cultural, and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 10,000 population.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.

3. Business and industrial development loans. These loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving, developing, or financing business, industry, and employment, or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, leases, machinery, supplies and materials; and payment of start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to areas other than cities having a population of more than 25,000. To obtain a loan, a borrower must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, securing, and repaying the loan. A borrower must be financially sound and so organized and managed that efficient service will be provided. Loans may be fully insured by FmHA or guaranteed by FmHA not to exceed 90 percent of the loss. Guaranteed loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower. Insured loans are repayable in not more than 30 years except those made for community facilities which are repayable in not more than 40 years. Insured loan interest rates are based on rates paid by the U. S. Treasury on obligations of similar maturity except that the rate on loans for community facilities is 5 percent.

STATUS OF PROGRAM

The Appropriation Act for 1976 provided for loans to be insured from the Rural Development Insurance Fund totaling \$1,020,000,000, including \$470,000,000 for loans for water systems and waste disposal facilities, \$200,000,000 for loans for community facilities and \$350,000,000 for loans for industrial development.

Number and amount of loans: The following table shows the number and amount of loans made in fiscal year 1975 and estimates for fiscal year 1976 and 1977.

	<u>1975 Actual</u>		<u>1976 Estimate</u>		<u>1977 Estimate</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
		(millions)		(millions)		(millions)
<u>Water and Waste Disposal</u>						
<u>Systems (sec. 306)</u>						
Water supply						
Initial .....	454	184.1	402	184.1	371	184.1
Subsequent .....	642	117.1	602	117.1	556	117.1
Subtotal .....	1,096	301.2	1,004	301.2	927	301.2
Sewage disposal, collection & treatment						
Initial .....	377	134.8	289	117.1	264	117.1
Subsequent .....	257	32.5	343	50.2	314	50.2
Subtotal .....	634	167.3	632	167.3	578	167.3
Solid waste disposal						
Initial .....	9	1.3	8	1.4	6	1.4
Subsequent .....	1	.1	1	.1	1	.1
Subtotal .....	10	1.4	9	1.5	7	1.5
Total a/	1,740	469.9	1,645	470.0	1,512	470.0
<u>Community Facilities</u>						
<u>(sec. 306)</u>						
Initial .....	306	183.4	270	175.0	241	170.0
Subsequent .....	53	16.5	62	25.0	66	30.0
Total .....	359	199.9	332	200.0	307	200.0
<u>Industrial Development</u>						
<u>(sec. 310B)</u>						
Initial .....	492	330.0	464	330.0	433	325.0
Subsequent .....	46	19.9	34	20.0	34	25.0
Total .....	538	349.9	498	350.0	467	350.0
Grand total a/ .....	2,637	1,019.7	2,475	1,020.0	2,286	1,020.0

a/ The number of loans shown on this schedule exceeds the number of loans shown in the Budget Estimates since a loan made for both water supply and waste disposal purposes is counted as a loan in each category on this schedule.



FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund  
Account

Water and Waste Disposal Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	16,843,000	15,000,000	15,000,000
Alaska	1,330,000	1,000,000	1,000,000
Arizona	6,165,200	4,000,000	4,000,000
Arkansas	10,373,800	10,500,000	10,500,000
California	17,104,546	13,000,000	13,000,000
Colorado	2,986,900	3,500,000	3,500,000
Connecticut	1,607,100	3,500,000	3,500,000
Delaware	1,700,000	950,000	950,000
Florida	20,240,400	12,250,000	12,250,000
Georgia	15,754,000	17,000,000	17,000,000
Hawaii	- -	1,150,000	1,150,000
Idaho	2,553,200	2,800,000	2,800,000
Illinois	12,677,000	13,000,000	13,000,000
Indiana	14,658,300	12,000,000	12,000,000
Iowa	10,142,100	10,000,000	10,000,000
Kansas	9,912,000	6,500,000	6,500,000
Kentucky	13,260,000	15,500,000	15,500,000
Louisiana	12,092,500	13,500,000	13,500,000
Maine	9,132,200	6,500,000	6,500,000
Maryland	4,091,000	5,000,000	5,000,000
Massachusetts	6,445,000	5,000,000	5,000,000
Michigan	13,888,000	15,000,000	15,000,000
Minnesota	7,560,500	11,000,000	11,000,000
Mississippi	18,766,400	14,000,000	14,000,000
Missouri	3,661,200	12,500,000	12,500,000
Montana	3,202,000	3,000,000	3,000,000
Nebraska	2,265,000	5,000,000	5,000,000
Nevada	2,103,700	600,000	600,000
New Hampshire	1,495,000	2,000,000	2,000,000
New Jersey	4,790,000	4,500,000	4,500,000
New Mexico	3,756,700	3,500,000	3,500,000
New York	21,037,000	16,500,000	16,500,000
North Carolina	27,698,000	25,000,000	25,000,000
North Dakota	5,333,000	6,000,000	6,000,000
Ohio	14,225,000	17,500,000	17,500,000
Oklahoma	7,852,400	10,000,000	10,000,000
Oregon	4,796,500	5,000,000	5,000,000
Pennsylvania	31,276,500	24,000,000	24,000,000
Rhode Island	85,000	650,000	650,000
South Carolina	12,834,000	13,500,000	13,500,000
South Dakota	4,031,200	4,500,000	4,500,000
Tennessee	20,113,000	16,000,000	16,000,000
Texas	21,448,100	22,000,000	22,000,000
Utah	3,888,400	2,000,000	2,000,000
Vermont	3,099,000	2,500,000	2,500,000
Virginia	13,503,400	14,500,000	14,500,000
Washington	6,528,700	6,000,000	6,000,000
West Virginia	11,269,400	10,000,000	10,000,000
Wisconsin	9,057,000	12,000,000	12,000,000
Wyoming	199,000	1,250,000	1,250,000
Guam	- -	- -	- -
Puerto Rico	1,155,600	18,000,000	18,000,000
Virgin Islands	- -	350,000	350,000
Total	<u>469,986,946</u>	<u>470,000,000</u>	<u>470,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund  
Account

Community Facilities Loans  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	4,520,000	6,000,000	6,000,000
Alaska	1,000,000	500,000	500,000
Arizona	1,777,700	2,500,000	2,500,000
Arkansas	8,195,000	4,500,000	4,500,000
California	3,380,000	5,500,000	5,500,000
Colorado	965,000	4,000,000	4,000,000
Connecticut	1,020,000	1,775,000	1,775,000
Delaware	49,900	500,000	500,000
Florida	1,219,000	5,000,000	5,000,000
Georgia	8,265,000	6,000,000	6,000,000
Hawaii	- -	500,000	500,000
Idaho	201,900	1,250,000	1,250,000
Illinois	10,150,000	6,000,000	6,000,000
Indiana	7,401,000	6,250,000	6,250,000
Iowa	1,708,000	4,000,000	4,000,000
Kansas	55,000	2,500,000	2,500,000
Kentucky	1,724,400	6,250,000	6,250,000
Louisiana	5,157,000	5,500,000	5,500,000
Maine	8,242,000	3,500,000	3,500,000
Maryland	1,175,000	2,750,000	2,750,000
Massachusetts	1,907,200	1,725,000	1,725,000
Michigan	7,971,400	6,000,000	6,000,000
Minnesota	4,414,000	4,500,000	4,500,000
Mississippi	4,165,200	5,750,000	5,750,000
Missouri	43,500	5,000,000	5,000,000
Montana	196,000	5,000,000	5,000,000
Nebraska	650,000	2,000,000	2,000,000
Nevada	- -	250,000	250,000
New Hampshire	1,365,000	900,000	900,000
New Jersey	18,805,000	2,500,000	2,500,000
New Mexico	451,000	2,000,000	2,000,000
New York	9,579,500	6,250,000	6,250,000
North Carolina	13,550,100	10,000,000	10,000,000
North Dakota	2,314,000	1,250,000	1,250,000
Ohio	2,518,000	7,000,000	7,000,000
Oklahoma	2,532,000	3,500,000	3,500,000
Oregon	1,720,000	2,000,000	2,000,000
Pennsylvania	12,139,700	10,250,000	10,250,000
Rhode Island	30,000	150,000	150,000
South Carolina	4,061,000	5,500,000	5,500,000
South Dakota	1,821,000	1,500,000	1,500,000
Tennessee	7,380,800	6,500,000	6,500,000
Texas	1,216,000	9,225,000	9,225,000
Utah	- -	800,000	800,000
Vermont	1,391,600	900,000	900,000
Virginia	11,484,100	5,650,000	5,650,000
Washington	706,000	2,500,000	2,500,000
West Virginia	18,000,000	4,000,000	4,000,000
Wisconsin	3,233,000	4,750,000	4,750,000
Wyoming	57,000	3,500,000	3,500,000
Guam	- -	- -	- -
Puerto Rico	90,000	4,225,000	4,225,000
Virgin Islands	- -	150,000	150,000
Total	<u>199,998,000</u>	<u>200,000,000</u>	<u>200,000,000</u>



FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund

Account

Business and Industrial Loans

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	5,283,053	10,500,000	11,500,000
Alaska	65,000	1,000,000	1,000,000
Arizona	150,000	2,500,000	2,500,000
Arkansas	7,373,380	8,500,000	8,500,000
California	6,932,000	9,000,000	10,000,000
Colorado	800,000	3,000,000	3,000,000
Connecticut	60,000	2,500,000	2,500,000
Delaware	2,750,000	1,000,000	1,000,000
Florida	1,950,000	8,000,000	8,000,000
Georgia	22,983,000	13,000,000	13,000,000
Hawaii	-	1,000,000	1,000,000
Idaho	10,358,000	2,500,000	2,500,000
Illinois	12,929,900	10,000,000	10,000,000
Indiana	2,834,500	9,000,000	9,000,000
Iowa	7,135,500	8,000,000	8,000,000
Kansas	1,975,000	6,000,000	7,000,000
Kentucky	2,444,000	11,000,000	11,000,000
Louisiana	14,110,300	13,000,000	11,000,000
Maine	15,198,000	5,000,000	5,000,000
Maryland	207,000	3,500,000	3,500,000
Massachusetts	3,100,000	3,500,000	3,500,000
Michigan	6,698,000	9,500,000	10,000,000
Minnesota	11,193,800	8,000,000	8,000,000
Mississippi	20,282,000	12,500,000	12,500,000
Missouri	4,906,500	9,000,000	9,000,000
Montana	1,792,500	3,000,000	3,000,000
Nebraska	3,685,000	4,000,000	4,000,000
Nevada	920,000	500,000	500,000
New Hampshire	2,170,000	2,000,000	2,000,000
New Jersey	935,000	3,000,000	3,000,000
New Mexico	1,153,940	3,000,000	3,000,000
New York	18,275,000	10,000,000	10,000,000
North Carolina	23,863,800	18,000,000	18,000,000
North Dakota	3,134,000	3,000,000	3,000,000
Ohio	10,248,000	15,500,000	13,500,000
Oklahoma	7,200,000	7,000,000	7,000,000
Oregon	11,500,000	4,000,000	4,000,000
Pennsylvania	3,297,500	15,000,000	15,000,000
Rhode Island	-	500,000	500,000
South Carolina	9,820,000	10,000,000	10,000,000
South Dakota	1,525,000	3,000,000	3,000,000
Tennessee	12,089,500	12,000,000	12,000,000
Texas	14,461,500	16,000,000	16,000,000
Utah	30,250,000	1,500,000	1,500,000
Vermont	2,189,000	2,500,000	2,500,000
Virginia	6,480,500	10,000,000	10,000,000
Washington	2,295,000	4,000,000	5,000,000
West Virginia	6,211,000	7,000,000	7,000,000
Wisconsin	8,839,000	9,000,000	9,000,000
Wyoming	2,740,000	2,500,000	2,000,000
Guam	-	-	-
Puerto Rico	3,000,000	13,000,000	13,000,000
Virgin Islands	200,000	500,000	500,000
Total	<u>349,994,173</u>	<u>350,000,000</u>	<u>350,000,000</u>





RURAL DEVELOPMENT GRANTS

Appropriation Act, 1976 .....	\$11,875,000
Budget Estimates, 1977 .....	- -
Decrease in Appropriation .....	<u>-11,875,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Business and industrial development grants ...	\$13,749,700	\$2,500,000	\$-2,500,000	- -
Unobligated balance lapsing .....	300	- -	- -	- -
Proposed rescission ....	- -	9,375,000 <sup>a/</sup>	-9,375,000	- -
Total appropriation ....	13,750,000	11,875,000	-11,875,000 (1)	- -

<sup>a/</sup> A request has been submitted to the Congress to rescind \$9,375,000 (No. R76-19)

EXPLANATION OF PROGRAM

Section 310B(c) of the Consolidated Farm and Rural Development Act, as amended, authorizes grants to be made to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services and fees. These grants may be made in connection with business and industrial loans made under the Rural Development Insurance Fund.

It is estimated that 35 grants totaling \$2,500,000 will be made in 1976. Present regulations limit these grants to public bodies for the development of industrial sites.

JUSTIFICATION OF DECREASE

(1) A decrease of \$11,875,000 for elimination of the Rural Development Grant Program (\$11,875,000 appropriated in 1976).

Of the \$11,875,000 appropriated for the program in fiscal year 1976, a rescission of \$9,375,000 is being requested owing to the availability of loan funds for the same purposes at reasonable interest rates and terms through the community facilities loan program. In order to restrain budget outlays and avoid duplication of programs and the costs associated with such duplication, no program is planned for fiscal year 1977.





STATUS OF PROGRAM

Rural Development Grants (sec. 310B)

The Agriculture and Related Agencies Appropriation Act, 1976, appropriated \$11,875,000 to the Office of the Secretary for Rural Development Grants. Subsequently, the Secretary delegated authority for administering this fund to the Farmers Home Administration. A request has been submitted to the Congress to rescind \$9,375,000 of the amount appropriated.

In fiscal year 1975, 210 rural development grants totaling \$13,749,700 were made to public bodies for industrial parks and related facilities. It is estimated that 35 grants totaling \$2,500,000 will be made in fiscal year 1976. As part of the President's program to reduce outlays, no program is planned for fiscal year 1977.

FARMERS HOME ADMINISTRATION

Rural Development Grants

Account

Business and Industrial Grants

Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	125,000	- -	- -
Alaska	42,000	35,000	- -
Arizona	- -	- -	- -
Arkansas	292,000	218,000	- -
California	459,000	160,000	- -
Colorado	433,000	70,000	- -
Connecticut	25,000	- -	- -
Delaware	95,000	- -	- -
Florida	290,000	- -	- -
Georgia	447,000	- -	- -
Hawaii	51,000	- -	- -
Idaho	167,600	80,000	- -
Illinois	354,000	185,000	- -
Indiana	312,000	152,000	- -
Iowa	347,000	- -	- -
Kansas	209,000	- -	- -
Kentucky	295,000	- -	- -
Louisiana	357,000	199,000	- -
Maine	205,500	15,000	- -
Maryland	35,000	- -	- -
Massachusetts	46,500	- -	- -
Michigan	356,000	76,000	- -
Minnesota	202,000	13,000	- -
Mississippi	362,500	- -	- -
Missouri	502,500	- -	- -
Montana	99,000	- -	- -
Nebraska	158,000	- -	- -
Nevada	34,000	- -	- -
New Hampshire	128,000	60,000	- -
New Jersey	148,000	- -	- -
New Mexico	150,000	35,000	- -
New York	867,000	243,000	- -
North Carolina	609,200	259,000	- -
North Dakota	190,000	30,000	- -
Ohio	813,000	- -	- -
Oklahoma	316,500	83,000	- -
Oregon	149,000	- -	- -
Pennsylvania	439,000	- -	- -
Rhode Island	34,000	- -	- -
South Carolina	653,200	- -	- -
South Dakota	194,200	- -	- -
Tennessee	418,000	22,000	- -
Texas	360,300	98,000	- -
Utah	- -	- -	- -
Vermont	353,200	- -	- -
Virginia	371,000	225,000	- -
Washington	124,500	55,000	- -
West Virginia	272,000	57,000	- -
Wisconsin	322,000	130,000	- -
Wyoming	63,000	- -	- -
Guam	- -	- -	- -
Puerto Rico	473,000	- -	- -
Virgin Islands	- -	- -	- -
Total	<u>13,749,700</u>	<u>2,500,000</u>	<u>- -</u>





Rural Water and Waste Disposal Grants

Appropriation Act, 1976 .....	\$250,000,000
Budget Estimate, 1977 .....	- -
Decrease in Appropriation .....	<u>-250,000,000</u>

Project Statement  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
Development grants:				
Water supply .....	\$19,770,000	\$81,250,000	\$-81,250,000	- -
Sewage collection and treatment .....	10,230,000	43,750,000	-43,750,000	- -
Total obligations .....	30,000,000	125,000,000	-125,000,000	- -
Proposed rescission a/ .....	- -	125,000,000	-125,000,000	- -
Total appropriation .....	30,000,000	250,000,000	-250,000,000(1)	- -

a/ A request has been submitted to the Congress to rescind \$125,000,000 (No. R76-18).

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

Project Statement  
(On basis of obligations under available funds)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
Development grants:				
Water supply .....	\$103,500,300	\$81,799,191	\$-81,799,191	- -
Sewage collection and treatment .....	53,358,600	44,050,000	-44,050,000	- -
Total obligations .....	156,858,900	125,849,191	-125,849,191	- -
Recovery of prior-year obligations .....	-838,636	- -	- -	- -
Unobligated balance brought forward .....	-126,869,455	-849,191	+849,191	- -
Unobligated balance carried forward .....	849,191	- -	- -	- -
Proposed rescission a/ .....	- -	125,000,000	-125,000,000	- -
Total appropriation .....	30,000,000	250,000,000	-250,000,000(1)	- -

a/ A request has been submitted to the Congress to rescind \$125,000,000 (No. R76-18).

EXPLANATION OF PROGRAM

Section 306 of the Consolidated Farm and Rural Development Act provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas. Grants made under this authority may not aggregate more than \$300 million in any fiscal year.

1. Eligibility of applicants: Development grants may be made to associations including corporations operating on a nonprofit basis, municipalities, public authorities, districts, certain Indian tribes, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if grants are necessary to reduce user charges to a reasonable level. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, must be designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and also serve the reasonable foreseeable growth needs of the area, and must be consistent with comprehensive community water, waste disposal or other development plans for the rural area. Applications for loans and grants for water and waste disposal systems must be reviewed for comment by the officially designated agency and the local, county, or municipal government in which the proposed project is to be located.

2. Limits: Water and waste disposal development grants may not exceed 50 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility, including rights-of-way and land rights, water rights, engineering fees, legal fees, and administrative costs in connection with construction and acquisition, and interest during the development period on any funds borrowed to perform such development.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$250,000,000 in appropriations for water and waste disposal grants (\$250,000,000 appropriated in 1976).

No funds are requested for FY 1977. The Administration had proposed that \$50 million of the amount appropriated in FY 1976 be deferred for use in FY 1977. The Congress disapproved the request. The FY 1977 Budget proposes that \$470 million in loan funds be made available for construction of water and waste disposal facilities, along with grant funds which will be available from other agencies.

The Administration has also proposed that \$125 million of the \$250 million appropriated for FY 1976 be rescinded.



STATUS OF PROGRAM

Rural Water and Waste Disposal Grants

Grants for Water and Waste Disposal Development Costs (sec. 306).

In fiscal year 1975, 896 development grants were made totaling \$156,858,900. In fiscal year 1976, it is estimated that about 662 grants will be made totaling \$125,000,000. A request to Congress to defer funds into fiscal year 1977 has been denied, consequently no program is planned for fiscal year 1977.

FARMERS HOME ADMINISTRATION

Rural Water and Waste Disposal Grants  
Account

Rural Water and Waste Disposal Grants  
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
Alabama	4,496,000	4,500,000	- -
Alaska	200,000	250,000	- -
Arizona	997,000	1,000,000	- -
Arkansas	3,628,900	3,000,000	- -
California	6,087,200	3,750,000	- -
Colorado	1,835,000	900,000	- -
Connecticut	400,000	1,000,000	- -
Delaware	- -	200,000	- -
Florida	6,641,500	3,250,000	- -
Georgia	6,857,000	4,500,000	- -
Hawaii	- -	350,000	- -
Idaho	1,292,000	800,000	- -
Illinois	3,822,500	3,500,000	- -
Indiana	4,004,000	3,000,000	- -
Iowa	4,175,900	2,750,000	- -
Kansas	4,261,000	2,000,000	- -
Kentucky	4,675,000	4,000,000	- -
Louisiana	2,815,400	3,500,000	- -
Maine	3,347,800	1,250,000	- -
Maryland	2,314,000	1,250,000	- -
Massachusetts	1,611,000	1,350,000	- -
Michigan	4,651,700	4,500,000	- -
Minnesota	3,481,000	3,000,000	- -
Mississippi	5,083,200	3,500,000	- -
Missouri	4,052,300	3,200,000	- -
Montana	651,300	750,000	- -
Nebraska	1,628,000	1,100,000	- -
Nevada	326,000	175,000	- -
New Hampshire	603,000	500,000	- -
New Jersey	1,826,300	1,200,000	- -
New Mexico	829,500	1,000,000	- -
New York	5,739,000	4,000,000	- -
North Carolina	6,384,000	6,500,000	- -
North Dakota	2,676,000	1,450,000	- -
Ohio	5,109,000	4,750,000	- -
Oklahoma	3,272,000	2,000,000	- -
Oregon	2,188,000	1,250,000	- -
Pennsylvania	6,598,200	6,300,000	- -
Rhode Island	220,000	200,000	- -
South Carolina	3,606,000	3,750,000	- -
South Dakota	2,934,500	1,000,000	- -
Tennessee	5,179,000	4,000,000	- -
Texas	8,034,000	6,400,000	- -
Utah	886,500	500,000	- -
Vermont	974,300	600,000	- -
Virginia	4,221,600	4,000,000	- -
Washington	2,179,800	1,500,000	- -
West Virginia	4,834,000	3,000,000	- -
Wisconsin	3,594,000	3,000,000	- -
Wyoming	579,800	600,000	- -
Guam	- -	- -	- -
Puerto Rico	1,055,700	5,000,000	- -
Virgin Islands	- -	175,000	- -
Total	<u>156,858,900</u>	<u>125,000,000</u>	<u>- -</u>





Rural Housing for Domestic Farm Labor

Appropriation Act, 1976 .....	\$7,500,000
Budget Estimate, 1977 .....	- -
Decrease in Appropriation .....	<u>-7,500,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Decrease	1977 (estimated)
Financial assistance for low-rent domestic farm labor housing:				
Build/purchase new .....	\$4,614,500	- -	- -	- -
Repair .....	385,500	- -	- -	- -
Proposed rescission .....	- -	\$7,500,000 <sup>a/</sup>	\$-7,500,000	- -
Total appropriation .....	5,000,000	7,500,000	-7,500,000	- -

<sup>a/</sup> A request has been submitted to the Congress to rescind \$7,500,000 (No. R76-20).

PROJECT STATEMENT  
(On basis of obligations under available funds)

Project	1975	1976 (estimated)	Decrease	1977 (estimated)
Financial assistance for low-rent domestic farm labor housing:				
Build/purchase new .....	\$4,614,500	- -	- -	- -
Repair .....	385,500	- -	- -	- -
Unobligated balance brought forward:				
Build/purchase new .....	-4	-4	- -	-4
Repair .....	- -	- -	- -	- -
Unobligated balance carried forward:				
Build/purchase new .....	4	4	- -	4
Repair .....	- -	- -	- -	- -
Proposed rescission .....	- -	\$7,500,000	\$-7,500,000	- -
Total appropriation .....	5,000,000	7,500,000 <sup>a/</sup>	-7,500,000	- -

<sup>a/</sup> A request has been submitted to the Congress to rescind \$7,500,000 (No. R 76-20).

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or broadbased private nonprofit organizations incorporated within a state, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may consist of family units, apartments or dormitory-type units and must be the most practical type, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance not to exceed 90 percent of the total development cost is authorized. Applicants furnish as much of the development cost as they can afford by using their own resources or by borrowing either directly from private sources or obtaining an insured loan under section 514 of the Housing Act of 1949. Much of the balance of the cost may be extended under this authority. The applicant must agree to charge rentals not exceeding amounts approved by the Secretary, to maintain the housing at all times in a safe and sanitary condition, and to give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require payment of the grant.

JUSTIFICATION OF DECREASE

(1) Rescission of the \$7,500,000 appropriated for grants to provide housing for domestic farm labor is proposed by the President to restrain 1976 budget outlays. (\$7,500,000 available in 1976.)

Each year, more farmworker families cease to be migrants and settle in a community, even though they continue to do seasonal farm labor. Such families need permanent housing and many are becoming homeowners through other housing programs. The 1 percent labor housing loan program, with a grant provision of up to 90 percent of the development cost for organizations, results in very high Federal outlays relative to the number of persons benefited. No funds are requested in 1977 because it is believed that other programs can more effectively provide farm labor housing. Farm income is expected to remain high and thus reduce the need for this program.



STATUS OF PROGRAM

Rural Housing for Domestic Farm Labor (sec. 516)

The following reflects the number of grants made and the total amount of these grants since 1966.

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Total Amount</u>
1966	4	\$2,156,320
1967	5	2,678,440
1968	5	2,700,290
1969	10	5,003,500
1970	6	2,133,770
1971	4	736,550
1972	10	6,683,180
1973	8	1,745,930
1974	11	10,080,730
1975	<u>6</u>	<u>5,000,000</u>
Total (thru 1975)	<u>69</u>	<u>38,918,710</u>

Obligations by Geographic Area

	<u>Fiscal Year 1975</u>	<u>Fiscal Year 1976</u>	<u>Fiscal Year 1977</u>
California .....	1,796,950	- -	- -
Florida .....	1,760,000	- -	- -
Oregon .....	193,050	- -	- -
Texas .....	<u>1,250,000</u>	<u>- -</u>	<u>- -</u>
Total obligations .....	<u>5,000,000</u>	<u>- -</u>	<u>- -</u>







Mutual and Self-Help Housing

Appropriation Act, 1976 .....	\$9,000,000
Budget Estimate, 1977 .....	- -
Decrease in Appropriation .....	<u>-9,000,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Decrease	1977 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing .....	\$5,000,000	- -	- -	- -
Unobligated balance brought forward .....	-659,690	- -	- -	- -
Proposed rescission .....	- -	\$9,000,000 <sup>a/</sup>	\$-9,000,000	- -
Total appropriation .....	5,000,000	9,000,000	-9,000,000	- -

<sup>a/</sup> A request has been submitted to the Congress to rescind \$10,036,529 (No. R76-21), consisting of \$9,000,000 appropriated in 1976; \$981,299 of unobligated balance brought forward; plus \$55,230 of recovery of prior-year obligations.

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT  
(On basis of obligations under available funds)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing .....	\$5,659,690	- -	- -	- -
Unobligated balance brought forward .....	-1,212,348	\$-981,299	\$981,299	- -
Recovery of prior-year obligations .....	-428,641	-55,230	55,230	- -
Unobligated balance carried forward .....	981,299	- -	- -	- -
Proposed rescission .....	- -	10,036,529	-10,036,529	- -
Total appropriation .....	5,000,000	9,000,000	-9,000,000	- -

### EXPLANATION OF PROGRAM

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

### JUSTIFICATION OF DECREASE

(1) A rescission of \$10,036,529 for grants to provide technical assistance for self-help housing is proposed by the President to restrain 1976 and 1977 budget outlays (\$9,000,000 available in 1976; \$981,299 of unobligated balance brought forward; plus \$55,230 of recovery of prior-year obligations).

Between the inception of the program in fiscal year 1971 and the end of fiscal year 1975, \$16.5 million has been obligated for 103 grants. The program however, has had several problems. Most grantees have been unable to assist the number of families planned and the resulting grant cost per house has been much higher than expected. Grantees have been unable to find sufficient numbers of eligible families who are willing and able to participate in a self-help housing building program. They have also had problems in finding suitable building sites. Moreover, this program puts a much greater demand on the time of FmHA field personnel, to supervise construction and to help grantees in organizing groups of families. It is believed that the housing needs of rural residents can better be served through the FmHA low-income and rental housing programs. Therefore, no grant funds are requested for fiscal year 1977.



STATUS OF PROGRAM

Mutual and Self-Help Housing (sec. 523)

The following reflects the number of grants made and the total amount of these grants since 1971, the first year of this program:

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Total Amount</u>
1971	15	\$1,720,960
1972	9	1,617,910
1973	24	3,728,451
1974	29	3,831,610
1975	<u>26</u>	<u>5,659,690</u>
Total	<u>103</u>	<u>16,558,621</u>

Obligations by Geographic Area

	<u>Fiscal Year 1975</u>	<u>Fiscal Year 1975</u>	<u>Fiscal Year 1977</u>
Arizona .....	489,600	- -	- -
Arkansas .....	70,600	- -	- -
California .....	3,116,700	- -	- -
Colorado .....	226,500	- -	- -
Florida .....	149,000	- -	- -
Massachusetts .....	230,000	- -	- -
Michigan .....	55,000	- -	- -
Mississippi .....	167,750	- -	- -
Missouri .....	36,000	- -	- -
New Mexico .....	200,000	- -	- -
North Dakota .....	97,640	- -	- -
Oklahoma .....	75,000	- -	- -
South Dakota .....	119,200	- -	- -
Texas .....	45,000	- -	- -
Utah .....	60,000	- -	- -
Washington .....	200,000	- -	- -
Wisconsin .....	<u>321,700</u>	- -	- -
TOTAL OBLIGATIONS .....	<u>5,659,690</u>	- -	- -







Self-Help Housing Land Development Fund

The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT  
(On basis of obligations under available funds)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
Mutual & self-help housing site loans .....	\$234,350	- -	- -	- -
Unobligated balance brought forward .....	-1,599,808	-\$1,433,032	\$1,433,000	32
Receipts .....	67,574	-65,000	-65,000	- -
Unobligated balance carried forward .....	1,433,032	32	- -	32
Proposed rescission	- -	1,498,000 <sup>a/</sup>	-1,498,000	- -
Total appropriation .....	- -	- -	- -	- -

<sup>a/</sup> A request has been submitted to the Congress to rescind \$1,498,000 (No. R76-22).

EXPLANATION OF PROGRAM

This fund was authorized by Public Law 90-448, approved August 1, 1968. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

No program is planned for 1976, the transition quarter, and 1977, since the subsidy costs of the associated loans together with the self-help housing technical assistance grants have generally resulted in high unit costs to the Government without corresponding benefits to those aided. It is believed that housing can be provided to rural residents more effectively and economically through other FmHA housing programs.





STATUS OF PROGRAM

Self-Help Housing Land Development Fund

The Supplemental Appropriation Act, 1969 (Public Law 90-608), approved October 21, 1968, included an initial appropriation of \$600,000 for this fund. The Department of Agriculture and Related Agencies Appropriation Acts for 1970 and for 1971 provided additional appropriations of \$1,000,000 and \$400,000 respectively, which remain available until expended. In fiscal year 1975, two loans were obligated for \$234,350. No program is planned for fiscal year 1976, transition quarter, and fiscal year 1977.

Obligations by Geographic Area

	<u>Fiscal Year</u> <u>1975</u>	<u>Fiscal Year</u> <u>1976</u>	<u>Fiscal Year</u> <u>1977</u>
California	234,350	- -	- -







Salaries and Expenses

	Appropriation	Transfer from Rural Housing Insurance Fund	Transfer from Loan Funds for Temporary Field Employment	Total Salaries and Expenses
Appropriation Act, 1976..	\$155,102,000	\$3,000,000	\$500,000	\$158,602,000
Budget Estimate, 1977....	<u>162,156,000</u>	<u>5,000,000</u>	<u>500,000</u>	<u>167,656,000</u>
Increase in appropriation	<u>+7,054,000</u>	<u>+2,000,000</u>	<u>- -</u>	<u>+9,054,000</u>

SUMMARY OF INCREASES

	1976	Increases	1977 Estimate
Implementation of a Unified Management Information System . . . . .	--	\$+2,300,000	\$2,300,000
GSA space rental costs .....	\$3,795,000	+654,000	4,449,000
Annualization of the pay cost increase effective in FY 1976 .....	- -	+6,100,000	6,100,000
Administration of grant and direct and insured loan programs .....	<u>154,807,000</u>	<u>--</u>	<u>154,807,000</u>
Total available .....	<u>158,602,000</u>	<u>+9,054,000</u>	<u>167,656,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	: : 1975 :	: : 1976 :	: : Increases :	: 1977 : (estimated) :
Low-income housing assistance...	\$50,036,384	\$58,953,000	\$3,883,000	\$62,836,000
Moderate income housing assistance .....	: 30,411,144	: 38,429,000	: 2,929,000	: 41,358,000
Loans for family-sized farms and larger than family- sized farms .....	: 43,303,170	: 49,990,000	: 905,000	: 50,895,000
Loans for associations or groups:	1,053,062	1,219,000	44,000	1,263,000
Rural development assistance ...:	8,392,582	10,011,000	1,293,000	11,304,000
Total administration of grant and direct and insured loan programs .....	: 133,196,342	: 158,602,000	: +9,054,000	: 167,656,000
Unobligated balance .....	: 528,658	: - -	: - -	: - -
Total available or estimate ..:	133,725,000	158,602,000	+9,054,000 (1)	167,656,000
Transfer from "Rural Housing Insurance Fund" .....	: -1,200,000	: -3,000,000	:	:
Transfer from "Agriculture Credit Insurance Fund" .....	: -500,000	: -500,000	:	:
Total Appropriation .....	<u>132,025,000</u>	<u>155,102,000</u>	:	:

### EXPLANATION OF PROGRAM

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of Emergency; and Watershed, Flood, and Resource Conservation and Development loans. Administration of the programs includes the reviewing of applications, making and collection loans, and extending technical assistance to borrowers.

In addition, other funds are made available from the Agricultural Credit Insurance Fund to service the unpredictable needs of the Emergency Program. An annual allotment is received from the Soil Conservation Service to cover the costs of administering Watershed, Flood, and Resource Conservation and Development loans.

### JUSTIFICATION OF INCREASES

(1) An increase of \$9,054,000 for the administration of grant and direct and insured loan programs consists of:

(a) An increase of \$654,000 for GSA space rental costs.

Under current procedure the Farmers Home Administration is required to budget for the cost of agency-occupied, GSA-controlled space. The 1976 Appropriation Act limited the Department to paying 90 percent of the standard level user charge used in computing the 1976 request. For FY 1977 the Budget reflects 100 percent funding for the estimated billings provided by the General Services Administration.

(b) An increase of \$6,100,000 to provide for the full cost of the pay increase effective in FY 1976.

The pay increase approved in FY 1976 became effective October 12, 1975 and is being absorbed within available funds in FY 1976 owing to the delay in hiring of additional personnel resulting from delay in approval of the 1976 Appropriation Act. The requested increase will provide for full funding in FY 1977.

(c) An increase of \$2,300,000 to implement an Unified Management Information System.

The Farmers Home Administration has experienced very rapid growth in loan volume and number of loans since 1970 owing to additional responsibilities and authorities given to the agency by such legislation as the Rural Development Act of 1972 and the Housing and Community Development Act of 1974.

The Agency's management systems were not designed to handle the resultant enormous increase in complex workload. As a result, the FmHA has an extensive reporting system in place which represents a fragmented approach to providing information about program activities. Because of the urgent need for current, accurate, timely and relevant data, the FmHA has issued a request for proposals for the design, development, and implementation of a FmHA Unified Management Information System and intends to award a contract during fiscal year 1976.

FmHA will require \$2,300,000 in fiscal year 1977 to continue this effort in order to achieve an initial system operational capability by the end of Calendar Year 1977. Of this amount, \$1,100,000 is needed for the contract to implement the system design and install an operational system. Computer time to test and correct program file structures and the tele-communication network is estimated to require an additional \$1,200,000.



FARMERS HOME ADMINISTRATION

Salaries and Expenses  
Obligations by Organizational Unit  
(in thousands, rounded)

<u>Organizational Unit</u>	<u>Obligations</u>			
	<u>Personnel Comp. and Benefits</u>	<u>Travel</u>	<u>All Other</u>	<u>Total</u>
<u>FISCAL YEAR 1975:</u>				
National Office	\$ 5,927	\$ 332	\$ 736	\$ 6,995
Finance Office	5,977	83	1,219	7,279
State Offices	18,296	1,613	2,395	22,304
District Offices	5,711	870	628	7,209
County Offices	<u>80,162</u>	<u>3,928</u>	<u>14,951</u>	<u>99,041</u>
TOTAL, FmHA	116,073	6,826	19,929	142,828
Less Allocations from other accounts	<u>-7,562</u>	<u>-445</u>	<u>-1,297</u>	<u>-9,304</u>
TOTAL, S & E FmHA	<u>108,511</u>	<u>6,381</u>	<u>18,632</u>	<u>133,524</u>
<u>FISCAL YEAR 1976: (estimate)</u>				
National Office	6,170	560	813	7,549
Finance Office	6,270	140	1,372	7,784
State Offices	20,100	2,750	2,798	25,651
District Offices	9,100	1,500	1,066	11,651
County Offices	<u>88,092</u>	<u>6,701</u>	<u>17,369</u>	<u>112,166</u>
TOTAL, FmHA	129,732	11,651	23,418	164,801
Less Allocations from other accounts	<u>-4,484</u>	<u>-393</u>	<u>-922</u>	<u>-5,799</u>
TOTAL, S & E FmHA	<u>125,248</u>	<u>11,258</u>	<u>22,496</u>	<u>159,002</u>
<u>FISCAL YEAR 1977: (estimate)</u>				
National Office	6,370	560	851	7,781
Finance Office	6,470	140	1,437	8,047
State Offices	20,930	2,750	2,957	26,637
District Offices	9,860	1,500	1,173	12,533
County Offices	<u>92,575</u>	<u>6,677</u>	<u>18,530</u>	<u>117,782</u>
TOTAL, FmHA	136,205	11,627	24,948	172,780
Less Allocations from other accounts	<u>-3,707</u>	<u>-369</u>	<u>-648</u>	<u>-4,724</u>
TOTAL, S & E FmHA	<u>132,498</u>	<u>11,258</u>	<u>24,300</u>	<u>168,056</u>

FARMERS HOME ADMINISTRATION

Salaries and Expenses  
Positions Filled, Man-Years and Average  
Grade and Salary by Organizational Unit

Organizational Unit	Positions Filled At End of Year		Man Years	Permanent Full Time	
	Permanent Full-Time	Other		Average Grade	Average Salary
<u>FISCAL YEAR 1975:</u>					
National Office	303	8	308	10.87	\$17,867
Finance Office	395	99	511	6.53	\$10,734
State Offices	895	178	1,005	10.07	\$16,552
District Offices	260	21	263	11.45	\$18,821
County Offices	<u>4,697</u>	<u>2,572</u>	<u>6,272</u>	<u>7.55</u>	<u>\$12,410</u>
TOTAL, FmHA	6,550	2,878 <u>1/</u>	8,359	8.14	\$13,380

FISCAL YEAR 1976: (estimate)

National Office	292	10	305	10.76	\$18,559
Finance Office	400	100	515	6.47	\$11,160
State Offices	940	170	1,050	9.97	\$17,196
District Offices	400	20	400	11.38	\$19,628
County Offices	<u>4,968</u>	<u>3,000</u>	<u>6,513</u>	<u>7.48</u>	<u>\$12,902</u>
TOTAL, FmHA	7,000	3,300 <u>1/</u>	8,783	8.06	\$13,902

FISCAL YEAR 1977: (estimate)

National Office	292	10	305	10.76	\$18,559
Finance Office	400	100	515	6.47	\$11,160
State Offices	940	170	1,060	9.97	\$17,196
District Offices	400	20	420	11.38	\$19,628
County Offices	<u>4,968</u>	<u>3,000</u>	<u>6,642</u>	<u>7.48</u>	<u>\$12,902</u>
TOTAL, FmHA	7,000	3,300 <u>1/</u>	8,942	8.06	\$13,902

1/ Excludes disadvantaged summer youth and other trainees as follows: 1975, 315; 1976, 600; 1977, 600.





Rural Community Fire Protection Grants

Appropriation Act, 1976 .....	\$3,500,000
Budget Estimate, 1977 .....	- -
Decrease in Appropriation .....	<u>-3,500,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Decrease	1977 (estimated)
Rural community fire protec-				
tion grants .....	\$3,485,000:	- -	- -	- -
Unobligated balance lapsing	15,000:	- -	- -	- -
Proposed rescission .....	- -	a/- \$3,500,000:	- \$3,500,000:	- -
Total appropriation .....	3,500,000:	- 3,500,000:	- 3,500,000:	- -

a/ A request has been submitted to the Congress to rescind \$3,500,000 (NO. R76-24).

EXPLANATION OF PROGRAM

This assistance was authorized by section 404 of the Rural Development Act of 1972, as amended. Grants are authorized to public bodies for up to 50% of the cost of organizing, training, and equipping rural volunteer fire departments.

JUSTIFICATION OF DECREASE

(1) Rescission of the \$3,500,000 appropriated for rural community fire protection grants is proposed by the President to restrain 1976 and 1977 budget outlays. (\$3,500,000 available in 1976).

This program, authorized under the Rural Development Act of 1972, would provide fire-fighting equipment and funds for organizing and training of personnel to rural communities to assist in fire control. Procurement of equipment is a low priority in investment capital in view of the number of people benefitting from the program. In addition, adequate credit assistance to provide this equipment is available at reasonable interest rates and terms through the community facilities loan program and surplus government equipment which can be used for fire-fighting is available from the Forest Service.





STATUS OF PROGRAM

Rural Community Fire Protection Grants

Fifty-two grants totaling \$3,485,000 were made in fiscal year 1975.



STATUS OF PROGRAM

Community Services Loan Fund

The Headstart, Economic Opportunity, and Community Partnership Act of 1974, P.L. 93-644 dated January 4, 1975, transferred the remainder of the funds provided for in part A of Title III of the Economic Opportunity Act to the Community Services Administration.

The Economic Opportunity Act of 1964 (Public Law 88-452), approved August 20, 1964, authorized two new loan programs aimed at helping poor rural families improve their income through their own enterprise.

This program was administered by the Farmers Home Administration of the Department of Agriculture for the Office of Economic Opportunity through delegation of authority. Under the program, loans were provided to low income rural residents for small farm and non-farm enterprises to help to increase income. Loans were also made to rural cooperative enterprises serving the rural poor through purchasing, processing, and marketing activities.

Evaluations of the program have shown that these small loans were not effective in improving the income potentials of the rural poor. No new loans have been made since the middle of 1971. The Farmers Home Administration is servicing outstanding loans totaling \$27 million on June 30, 1975, from funds provided under "Salaries and Expenses."

As of June 30, 1975, a total of 13,510 individual borrowers had outstanding loans of \$15.3 million, principal payments were \$73.3 million, write-offs were \$20.3 million and judgments were \$.2 million. Interest payments totaled \$15.0 million and interest write-offs were \$2.7 million. Evaluations of the program revealed that these small loans were not effective in improving the earning capacity of the recipients and the Government discontinued making new loans in 1971.

As of June 30, 1974, a total of 287 cooperatives had outstanding loans of \$12.0 million, principal payments were \$7.1 million and write-offs were \$1.3 million. Interest payments totaled \$3.7 million.









SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service was established by the Act of April 27, 1935, (16 U.S.C. 590a-590f). It assists conservation districts, communities, watershed groups, federal and state agencies and other cooperators with erosion control and water management problems and in bringing about needed physical adjustments in land use. The purpose is to conserve soil and water resources, improve agriculture and reduce damage caused by floods and sedimentation.

The Soil Conservation Service has general responsibility for administration of the following Departmental programs:

Conservation Operations Program provides technical assistance to land owners and operators in accomplishing locally-adapted soil and water conservation programs, primarily through conservation districts in the 50 states, Puerto Rico, and the Virgin Islands. As of June 30, 1975, about 3,000 conservation districts cover 97% of the nation's farm and ranch lands. Activities include:

1. Technical assistance to district cooperators and other landowners in the development of plans and application of conservation treatments;
2. A national program of land inventory and monitoring to provide soil, water and related resource data for land conservation, use, and development, for guidance of community development, for identification of prime agricultural producing areas that should be protected, for use in protecting the quality of the environment, and to issue land inventory reports of resource conditions.
3. Soil surveys are made as an inventory of a basic resource and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other federal agencies, state and local organizations;
4. Snow survey water forecasting from basic data collected to provide estimates of water availability from high mountain snow packs and relating this to summer stream flow; and
5. Operation of plant materials centers to assemble, test, and encourage increased use of plant species which show promise for use in conservation problem areas.

River Basin Surveys and Investigations Program involves cooperation with other federal, state and local agencies in the conduct of river basin surveys and investigations and flood hazard analyses in order to aid in the development of coordinated water resource programs including the development of guiding principles and procedures. SCS represents the Department on the Water Resources Council, river basin commissions and river basin interagency committees for coordination among federal departments and states.

Watershed Planning Program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations, and (b) assistance to sponsors in the development of watershed work plans. SCS is responsible for development of guiding principles and procedures.

Watershed and Flood Prevention Operations Program activities include:

1. Flood Prevention Operations: Planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 Flood Prevention watersheds.

2. Emergency operations to install measures for runoff retardation and soil erosion prevention needed to safeguard lives and property from floods and products of erosion on any watershed whenever fire or any other natural element or force has caused a sudden impairment of that watershed.
3. Watershed Operations: Cooperation with local sponsors, state and other public agencies in the installation of planned works of improvement in approved watershed projects. Such works of improvement reduce erosion, floodwater and sediment damage. They also further the conservation, development, utilization, and disposal of water, including the development of recreational facilities and improvement of fish and wildlife habitat.
4. Loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

Great Plains Conservation Program activities include:

1. Cost-sharing of conservation practices under long-term contracts with farmers and ranchers in designated counties of the ten Great Plains States.
2. Cost-share programming and contract administration and technical assistance to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource Conservation and Development Program activities include:

1. Project planning assistance to help local sponsors develop overall programs and plans for land use and conservation.
2. Technical assistance and cost-sharing assistance to sponsors, local groups and individuals in carrying out such plans and programs.
3. Loans services for resource improvements and developments in approved projects. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

Program Administration: SCS maintains its central office in Washington, D.C. Most of its activities, however, are carried out in about 3,050 field offices in the 50 states and Puerto Rico. Four technical service centers provide program coordination and technical support. This includes services such as engineering and watershed planning, cartographic work, soil mechanics laboratories, professional help in agronomy, soils, biology, forestry, information, plant materials, range conservation, other technical work, and special laboratories. Technical programs are carried out in cooperation with conservation districts and other sponsoring local organizations. As of June 30, 1975, there were 13,575 full-time employees and 2,935 part-time, intermittent and other employees.

Available Funds and Man-Years

1975 and Estimated, 1976 and 1977

Item	Actual		Estimated		Budget Estimate	
	1975		Available, 1976		1977	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Soil Conservation Service:						
Conservation Operations . . .	\$198,007,000:	9,930:	\$206,057,000:	9,867:	\$215,329,000:	9,719
River Basin Surveys and						
Investigations . . . . .	14,531,000:	574:	14,745,000:	566:	14,266,000:	544
Watershed Planning . . . . .	11,099,000:	425:	11,196,000:	468:	10,012,000:	415
Watershed and Flood Preven-						
tion Operations . . . . .	124,527,000:	2,826:	199,418,000 :	3,305:	135,263,000:	2,760
Great Plains Conservation						
Program . . . . .	20,196,000:	314:	20,379,000:	346:	5,178,000:	281
Resource Conservation and						
Development . . . . .	20,320,000:	725:	29,972,000:	739:	21,488,000:	743
Total . . . . .	388,680,000:	14,794:	481,767,000:	15,291:	401,536,000:	14,462
Deduct allotments to other						
agencies . . . . .	- 12,763,532:	- 643:	-22,291,500:	-709:	- 11,204,250:	-431
Net . . . . .	375,916,468:	14,151:	459,475,500:	14,582:	390,331,750:	14,031
Obligations under other USDA:						
appropriations:						
Reimbursement for techni-						
cal assistance to:						
Agricultural Conservation						
Program and Emergency						
Conservation Measures . . .	10,621,817:	812:	8,074,000:	550:	5,400,000:	368
Other USDA agencies and						
within SCS . . . . .	1,683,019:	83:	1,187,000:	16:	1,245,000:	15
Allocations for technical						
assistance to:						
Water Bank Program . . . . .	460,276:	24:	880,000:	50:	164,000:	9
Total, Other USDA						
Appropriations . . . . .	12,765,112:	919:	10,141,000:	616:	6,809,000:	392
Total, Agriculture						
Appropriations . . . . .	388,681,580:	15,070:	469,616,500:	15,198:	397,140,750:	14,423
Other Federal Funds . . . . .	2,312,482:	74:	2,694,000:	90:	4,857,000:	211
Non-Federal Funds . . . . .	8,547,956:	291:	8,606,000:	236:	11,319,000:	274
Total, Soil Conservation						
Service . . . . .	\$399,542,018:	15,435:	\$480,916,500:	15,524:	\$413,316,750:	14,908

End-of-Year Employment:	1975	1976	1977
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Permanent full-time . . . . .	13,575 <sup>1/</sup>	13,530	13,530
Other . . . . .	2,620	3,025	3,000
Total . . . . .	16,195	16,555	16,530

<sup>1/</sup> Actual ceiling 13,175. SCS was given authority to exceed ceiling by 400.



UNITED STATES DEPARTMENT OF AGRICULTURE  
SOIL CONSERVATION SERVICE

Personnel Summary by Organizational Level  
FY 1975 Actual

	<u>Positions Authorized - Permanent</u>	<u>Positions Authorized Temporary</u>	<u>Positions Filled 6/30- Permanent</u>	<u>Positions Filled 6/30- Temporary</u>	<u>Average GS Salary</u>	<u>Average GS Grade</u>	<u>Average Salary - Ungraded</u>	<u>Man-Years - SCS Personnel</u>
Washington Headquarters .....	308	25	308	22	\$20,164	10.64	\$11,290	324
Technical Service Centers .....	748	66	755	68	15,392	8.23	13,517	804
Central Technical and Design Units .....	18	8	14	6	19,290	10.53	- -	16
Other Units .....	43	3	49	3	14,095	8.28	- -	52
State Staffs .....	12,058	2,561	12,449	2,521	14,726	8.49	11,904	14,236
Subtotal, SCS (Direct and Reimbursable) .....	13,175	2,663	13,575 1/	2,620	14,900	8.53	12,674	15,436
1/ SCS permitted to exceed assigned ceiling by 400.								
Allocations to other agencies:								
Agricultural Stabilization and Conservation Service					16,201	9.13	- -	2
Economic Research Service					17,959	10.08	- -	119
Farmers Home Administration					13,298	8.09	- -	46
Forest Service					15,149	8.63		317
Subtotal, Allocations								484
Total	13,175	2,663	15,575	2,620				15,920

UNITED STATES DEPARTMENT OF AGRICULTURE  
SOIL CONSERVATION SERVICE

Personnel Summary  
FY 1975 Actual

	<u>Agency 1/</u>	<u>Permanent Full-time</u>	<u>Other</u>	<u>Total Man-years</u>
Conservation Operations	SCS	8,912	1,018	9,930
River Basin Surveys and Investigations	SCS	353	44	397
	ERS	90	16	106
	FS	56	16	72
	Subtotal	499	76	575
Watershed Planning	SCS	356	40	396
	ERS	1	- -	1
	FS	22	6	28
	Subtotal	379	46	425
Watershed and Flood Prevention Operations	SCS	2,093	322	2,415
	ERS	6	1	7
	FmHA	33	- -	33
	FS	78	134	212
	Subtotal	2,210	457	2,667
Great Plains Conservation Program	SCS	279	33	312
	ASCS	2	- -	2
	Subtotal	281	33	314
Resource Conservation and Development	SCS	609	93	702
	ERS	4	1	5
	FmHA	13	- -	13
	FS	4	1	5
	Subtotal	630	95	725
Total Direct Program	SCS	12,602	1,550	14,152
	ASCS	2	- -	2
	ERS	101	18	119
	FmHA	46	- -	46
	FS	160	157	317
	Total	12,911	1,725	14,636
Reimbursable Programs	SCS		173	
Miscellaneous Contributed Funds	SCS	24	4	28
Allocation from ASCS (Water Bank)	SCS	21	3	24
Total Program	SCS		1,730	
	ASCS	2	- -	2
	ERS	101	18	119
	FmHA	46	- -	46
	FS	160	157	317
Total Man-years, SCS Appropriations and Allocation to SCS			1,905	

1/ SCS: Soil Conservation Service  
ASCS: Agricultural Stabilization  
ERS: Economic Research Service  
FmHA: Farmers Home Administration  
FS: Forest Service



UNITED STATES DEPARTMENT OF AGRICULTURE  
SOIL CONSERVATION SERVICE

Salaries and Expenses  
FY 1975 Actual  
(Dollars in Thousands)

	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
<b>Management and Program Direction</b>							
Washington Headquarters	\$ 9,191	\$ 5,051	\$ 527	\$ 683	\$ 2,134	\$ 258	\$ 538
State Offices	31,835	19,962	1,294	1,196	6,814	663	1,906
Technical Service Centers	2,042	1,137	106	126	602	23	48
Other Units	706	613	3	2	82	3	3
Subtotal	43,774	26,763	1,930	2,007	9,632	947	2,495
%	(14.75)	(13.63)	(19.46)	(18.99)	(16.32)	(17.09)	(16.16)
<b>Technical Support</b>							
State Technical Specialists	11,605	7,058	780	702	2,114	70	881
Technical Service Centers	6,128	3,707	406	885	780	20	330
Central Technical & Design Units	486	36	61	158	231	--	--
Other Units	2,620	2,606	1	1	10	1	1
Subtotal	20,839	13,407	1,248	1,746	3,135	91	1,212
%	(7.02)	(6.83)	(12.58)	(16.52)	(5.31)	(1.64)	(7.86)
<b>Program Operations</b>							
Technical Service Centers	10,446	8,586	1	20	1,772	8	59
Plant Materials Centers	2,573	2,573	--	--	--	--	--
Other Units	5,383	4,522	50	46	641	61	63
Area Offices	13,682	8,989	428	432	2,806	284	743
Field Offices	200,096	131,457	6,262	6,316	41,040	4,152	10,869
Subtotal	232,180	156,127	6,741	6,814	46,259	4,505	11,734
%	(78.23)	(79.54)	(67.96)	(64.49)	(78.37)	(81.27)	(75.98)
<b>Organizational Summary</b>							
Washington Headquarters	9,191	5,051	527	683	2,134	258	538
State Offices	31,835	19,962	1,294	1,196	6,814	663	1,906
State Technical Specialists	11,605	7,058	780	702	2,114	70	881
Technical Service Centers	18,616	13,430	513	1,031	3,154	51	437

(Dollars in Thousands)													
	River Basin Surveys and Investi- gations			Watershed Planning		Watershed Prevention Operations		Great Plains Conservation Program		Resource Conservation and Development			
Total Obligations	Conservation Operations	\$	36	\$	61	\$	158	\$	231	\$	--	\$	--
Central Technical & Design Units	486												
Plant Materials Centers	2,573		2,573		--		--		--		--		--
Other Units	8,709		7,741		54		49		733		65		67
Area Offices	13,682		8,989		428		432		2,806		284		743
Field Offices	200,096		131,457		6,262		6,316		41,040		4,152		10,869
TOTAL SCS	296,793		196,297		9,919		10,567		59,026		5,543		15,441
Cost-Share/Construction	112,036		--		--		--		89,215		14,357		8,464
Total SCS Obligations, Net	408,829		196,297		9,919		10,567		148,241		19,900		23,905
Agricultural Stabilization &													
Conservation Service	92		--		--		--		--		92		--
Economic Research Service	2,666		--		2,318		54		175		--		119
Extension Service	296		--		--		--		--		--		296
Farmers Home Administration	744		--		--		--		533		--		211
Forest Service	12,475		--		1,663		656		9,351		--		805
Subtotal,	16,273		--		3,981		710		10,059		92		1,431
TOTAL OBLIGATIONS, NET	\$425,102		\$196,297		\$13,900		\$11,277		\$158,300		\$19,992		\$25,336





Conservation Operations

Appropriation Act, 1976 .....	\$206,057,000
Budget Estimate, 1977 .....	<u>215,329,000</u>
Increase in Appropriation .....	<u>+ 9,272,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

	1976	Increase or Decrease	1977 Estimate
1. Technical assistance:			
(a) Planning .....	\$ 65,543,000	\$ - -	\$ 65,543,000
(b) Application .....	95,101,000	- -	95,101,000
2. Land inventory and monitoring .....	- -	+ 2,500,000	2,500,000
3. Soil surveys .....	35,263,000	- 2,500,000	32,763,000
4. Snow survey water forecasting .....	2,463,000	- -	2,463,000
5. Operation of plant materials centers	2,415,000	- -	2,415,000
GSA space rental costs .....	5,272,000	+ 906,000	6,178,000
Pay cost increase effective in 1976 ....	- -	+ 8,366,000	8,366,000
Total available .....	<u>206,057,000</u>	<u>+ 9,272,000</u>	<u>215,329,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
1. Technical assistance:				
(a) Planning .....	66,106,000	67,282,000	+ 3,129,000	79,411,000
(b) Application ...	95,919,000	97,625,000	+ 4,543,000	102,168,000
Total, technical assistance .....	162,025,000	164,907,000	+ 7,672,000 (1)	172,579,000
2. Land inventory and monitoring .....	- -	- -	+ 2,500,000 (2)	2,500,000
3. Soil surveys .....	31,075,000	36,204,000	- 1,041,000 (3)	35,163,000
4. Snow survey water forecasting .....	2,511,000	2,524,000	+ 58,000 (4)	2,582,000
5. Operation of plant materials centers	2,396,000	2,422,000	+ 83,000 (5)	2,505,000
Total, appropriation	<u>198,007,000</u>	<u>206,057,000</u>	<u>+ 9,272,000</u>	<u>215,329,000</u>

PROJECT STATEMENTS  
(On basis of available funds)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Direct obligations:				
1. Technical assistance:				
(a) Planning .....	62,762,515	68,752,000	+ 1,659,000	70,411,000
(b) Application ...	91,067,181	99,759,149	+ 2,408,851	102,168,000
Total technical assistance .....	153,829,696	168,511,149	+ 4,067,851 (1)	172,579,000
2. Land inventory and monitoring .....	- -	- -	+ 2,500,000 (2)	2,500,000
3. Soil survey .....	37,749,799	37,000,000	- 1,837,000 (3)	35,163,000
4. Snow survey water forecasting .....	2,144,702	4,143,483	- 1,561,483 (4)	2,582,000
5. Operation of plant materials centers	2,572,815	2,422,000	+ 83,000 (5)	2,505,000
Total direct obligations .....	196,297,012	212,076,632	+ 3,252,368	215,329,000

	<u>1975</u>	<u>1976</u> <u>(estimated)</u>	<u>Increase or</u> <u>Decrease</u>	<u>1977</u> <u>(estimated)</u>
Unobligated balance brought forward .....	( -4,309,644)	( -6,019,632)	(+ 6,019,632)	- -
Unobligated balance carried forward .....	(+ 6,019,632)	- -	- -	- -
Total adjusted appropriation ....	(198,007,000)	(206,057,000)	(+ 9,272,000)	( 215,329,000)
Reimbursable obligation:				
1. Technical assistance:				
(a) Planning .....	1,396,345	992,000	+62,000	1,054,000
(b) Application ...	<u>12,912,912</u>	<u>9,295,000</u>	- 2,584,000	<u>6,711,000</u>
Total technical assistance .....	14,309,257	10,287,000	- 2,522,000	7,765,000
2. Land inventory and monitoring .....	- -	- -	- -	- -
3. Soil surveys .....	2,971,896	3,197,000	+ 1,803,000	5,000,000
4. Snow survey water forecasting .....	169,126	103,000	- -	103,000
5. Operations of plant material centers .	<u>95,252</u>	<u>103,000</u>	<u>+97,000</u>	<u>200,000</u>
Total reimbursable obligations .....	<u>17,545,531</u>	<u>13,690,000</u>	- 622,000	<u>13,068,000</u>
Total obligational authority .....	<u>213,842,543</u>	<u>225,766,632</u>	<u>+2,630,368</u>	<u>228,397,000</u>

SOURCES OF REIMBURSEMENTS

Within USDA:

Agricultural Stabilization and Conservation Service ....

10,621,817	8,074,000	-2,674,000	5,400,000
1,441,803	690,000	+ 58,000	748,000

Other Federal:

Agency for International Development .....

579,608	1,053,000	+ 140,000	1,193,000
697,681	239,000	+ 21,000	260,000

Non-federal:

States and counties for soil surveys ..

2,430,870	3,000,000	+1,410,000	4,410,000
1,773,752	634,000	+ 423,000	1,057,000

<u>17,545,531</u>	<u>13,690,000</u>	- 622,000	<u>13,068,000</u>
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OUTLAYS

1. Technical assistance:

59,212,001	68,513,000	- 257,000	68,256,000
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85,915,452	99,170,000	- 369,000	98,801,000
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145,127,453	167,683,000	- 626,000	167,057,000
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- -	- -	+2,400,000	2,400,000
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37,429,192	37,030,000	-2,917,000	34,113,000
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2,103,543	4,064,000	-1,561,000	2,503,000
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2,536,490	2,427,000	+ 3,000	2,430,000
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<u>187,196,678</u>	<u>211,204,000</u>	<u>-2,701,000</u>	<u>208,503,000</u>
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### EXPLANATION OF PROGRAM

The appropriation "Conservation Operations" funds Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590a-590f). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture and reduce damage caused by floods and sedimentation. Activities include:

- Technical assistance - the Soil Conservation Service provides technical assistance to about 3,000 conservation districts. These districts, formed under state enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the nation. Through these conservation districts, the Soil Conservation Service provides technical help to more than 2,300,000 district cooperators, who are primarily farmers and ranchers, having land use and conservation problems.

More than 900,000 district cooperators receive help on an annual basis. About 13,000 groups of land users and about 29,000 state and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1975.

Conservation plans developed by land users consist of their decisions to achieve conservation objectives and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment. As of June 30, 1975, about 44 percent of the operating units in conservation districts had been planned with SCS technical assistance.

Installation services are provided to cooperating land users to help them apply planned conservation programs. These services include site investigation designs and specifications, construction plans, and layout of practices.

Technical services are provided to individual and group participants in the Agricultural Conservation Program for complete conservation plans and site selection, layout, or establishment of specified conservation practices.

- Land inventory and monitoring - the land inventory and monitoring program would provide soil, water and related resource data for national assessments. The program would focus on acceleration of the identification of prime and unique farmlands that are needed to maintain our natural resource base and produce food, feed, forage, fiber and oilseed crops; and initiate a national erosion and sediment survey--to provide data needed to plan for the control of nonpoint sources of pollution (erosion and sediment).
- Soil surveys - special investigations, and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other federal agencies, land grant colleges, other state agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many federal, state, county and local community programs. Special reports are prepared and released as needed for local uses.
- Soil surveys are needed on the total 2.3 billion acres of land in the United States and Caribbean Area. Detailed, reconnaissance, and exploratory soil surveys have been made on 1.3 million acres as of June 30, 1975. Soil survey mapping will be completed on about 57 million acres in FY 1977. Soil survey field work is being completed on about 90 counties or designated areas, annually. A cumulative total of 496 soil surveys will be in the process of being published during FY 1977. Of this total, 90 will be sent to the Government Printing Office.

- Snow survey water forecasting - snow survey water forecasting provides valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 9,000,000 acres of irrigated land in the Western States are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are also helpful to a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply and water quality management. Five hundred mountain snow courses will be converted from manual to automated data collection systems by 1980.
- Operation of plant materials centers - Plant materials centers are operated for testing and selection of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the twenty centers includes cooperation with state and federal agencies, commercial businesses and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 120 new conservation plant varieties from this program are in large-scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. An average of five new conservation plants are released each year for conservation purposes.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$7,672,000 in appropriation for technical assistance. On the basis of available funds there is an increase of \$4,067,851 consisting of:

- (a) An increase of \$6,939,000 for pay increases effective in FY 1976.
- (b) An increase of \$733,000 for space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (c) A decrease of \$3,604,149, on the basis of available funds, for nonrecurring work in 1976.

The FY 1976 Budget estimate anticipates the use of \$3,604,149 carried from FY 1975 to complete work initiated in FY 1975. The FY 1977 program level is based on a program reduction equal to unobligated FY 1975 funds carried forward into FY 1976.

- (2) An increase of \$2,500,000 in appropriation and available funds for a program of land inventory and monitoring. (None available in 1976. Transferred from soil surveys activity).

Need for Increase: The land inventory and monitoring program would provide soil, water and related resource data for national assessments.

Plan of Work. The program would focus on acceleration of the identification of prime and unique farmlands that are needed to maintain our natural resource base and for agricultural production. A national erosion and sediment survey would be initiated to provide data needed to plan for the control of nonpoint sources of pollution (erosion and sediment).

- (3) A decrease of \$1,041,000 in appropriation for soil surveys. On the basis of available funds there is a decrease of \$1,837,000 consisting of:

- (a) An increase of \$1,298,000 for pay increases effective in FY 1976.
- (b) An increase of \$161,000 for space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (c) A decrease of \$796,000, on the basis of available funds, for nonrecurring work in 1976.
  - (d) A decrease of \$2,500,000 to provide funds for a program of land inventory and monitoring. (Transferred to land inventory and monitoring activity).
- (4) An increase of \$58,000 in appropriation for snow survey water forecasting. On the basis of available funds there is a decrease of \$1,561,483 consisting of:

- (a) An increase of \$47,000 for pay increases effective in FY 1976.
- (b) An increase of \$11,000 for space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (c) A decrease of \$1,503,483, on the basis of available funds, for nonrecurring work in 1976.

The FY 1976 Budget estimate anticipates the use of \$1,503,483 carried from FY 1975 to complete work initiated in FY 1975. The FY 1977 program level is based on a program reduction equal to unobligated FY 1975 funds carried forward into FY 1976.

- \* (5) An increase of \$83,000 in appropriation and available funds for plant materials centers consisting of:

- (a) An increase of \$82,000 for pay increases effective in FY 1976.
- (b) An increase of \$1,000 for space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration; and (2) provide for additional general rate increases anticipated during FY 1977.





## STATUS OF PROGRAM

Current Activities: The Soil Conservation Service, the technical agency of the United States Department of Agriculture, was established to carry out provisions of the Act of April 27, 1935, (16 U.S.C. 590a-590f). Technical assistance is provided to conservation districts and other organizations in matters of soil and water conservation. Such assistance is essential to help landowners, units of government, operators and groups develop land use programs and plan and install conservation measures.

The basic objectives of conservation operations include use of land within its capability and applying treatments in accordance with the needs of land for protection and improvement.

### Cooperative Work with Local Conservation Districts

The Soil Conservation Service furnishes technical and other assistance to farmers, ranchers, rural communities, and others through nearly 3,000 soil and water conservation districts under the terms of memorandums of understanding. Conservation districts are units of government formed under authority of state laws. Local people plan, direct and participate in the conservation programs of the districts.

Service technicians are assigned to work directly with landowners and operators. They help develop conservation plans for individual farms, ranches, or other units of land. They also help develop schedules for the application of needed combinations of practices. This working relationship combines the practical experience of land users with the scientific knowledge and skills of professional conservationists to develop and carry out locally-adapted conservation programs.

### Rural Development

The Soil Conservation Service is the Department's technical assistance agency in soil, water, and related resource conservation, development, and use. SCS has a major responsibility to help rural leaders and residents determine land capability and potential uses through furnishing facts and interpretations of soil, water, and related resources. SCS also provides planning assistance to state and local rural development committees and other planning and development agencies and organizations. Goals of this assistance include control of erosion, water management, protection and improvement of public facilities, location of industries in nonmetropolitan areas and promoting resource-related economic development.

### Types of Assistance Furnished

Technical services and other assistance furnished by the Soil Conservation Service under this appropriation include the following activities:

#### 1. Technical assistance:

- a. Planning assistance is furnished farmers, ranchers, other land users and to state and local units of government involved in establishing public policy regarding the use and treatment of land. Technical assistance is used to determine alternative land uses and treatment needs. The conservation plan developed consists of a soil and capability map and other basic resource data interpreted for alternative uses and treatment, and the land user's recorded decisions to achieve his conservation objectives.

Planning assistance in the form of inventories, evaluations, and interpretations of soil and water data is provided to individuals, groups, and units of government concerned with the use and development of land and water resources. This includes soils, vegetative, biology and water

management data suitable for making land use and treatment decisions. Highway departments, planning and zoning boards, tax commissions, and local governing bodies rely on these data in the performance of their assigned responsibilities.

Assistance is furnished to people acting together to make group decisions about neighborhood and community soil, water, and related resource problems, needs and opportunities. Assistance involves preparing inventories and evaluations essential for sound group plans. Group plans typically involve efficient use or disposal of water, stabilization of critical areas, reduction of stream pollution or the prevention of flood and sediment damages.

- b. Application assistance is provided cooperating land users to help them install planned conservation practices. Assistance includes site investigations, designs and specifications, construction plans, and layout of practices on their lands.

Technical services are provided to individual and group participants in the Agricultural Conservation Program for site selection, layout, or establishment of conservation practices specified in long-term agreements. Long-term agreements are based on approved conservation plans.

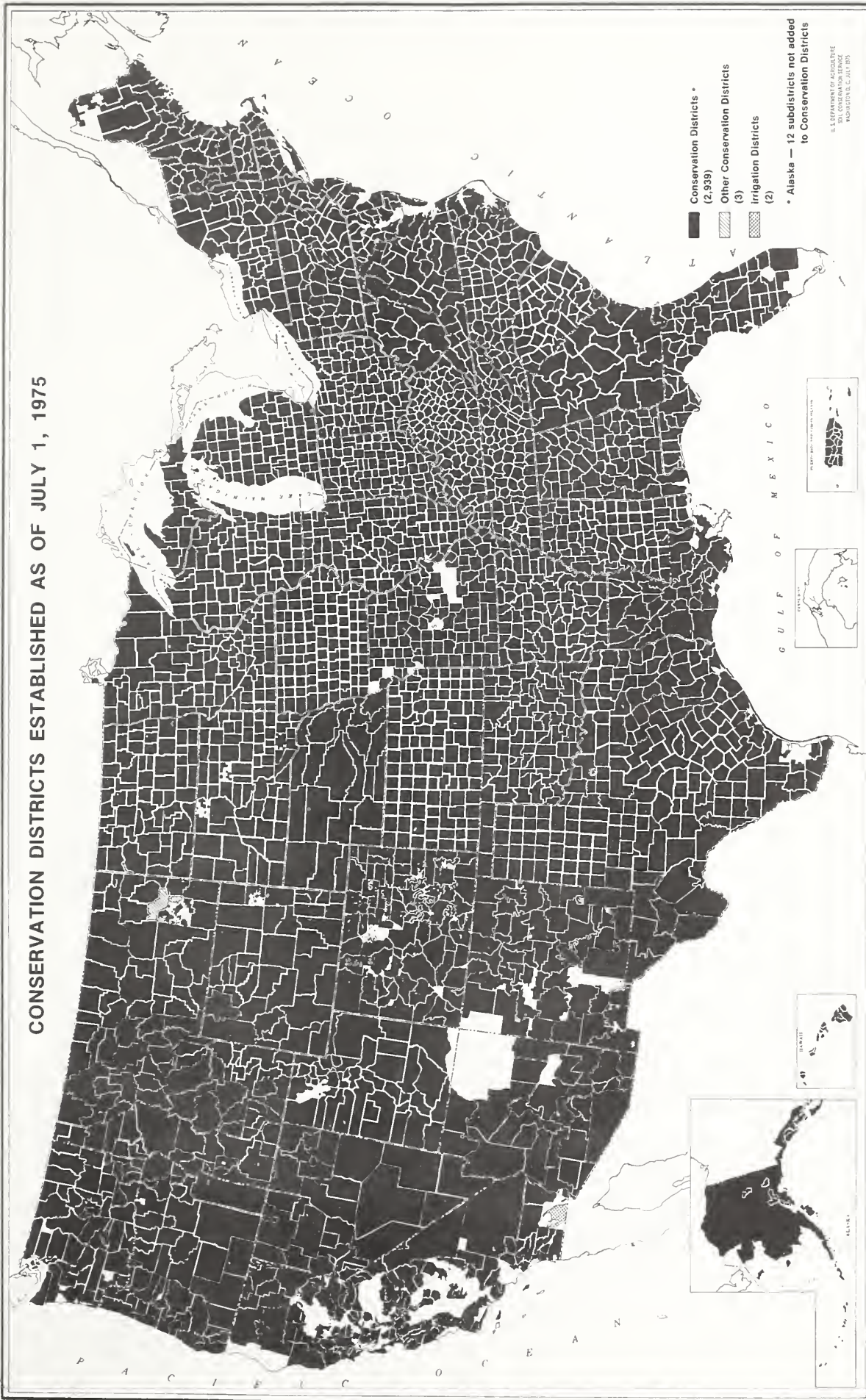
- 2. A national program of land inventory and monitoring to provide soil, water and related resource data for land conservation, use, and development, for guidance of community development, for identification of prime agricultural producing areas that should be protected, for use in protecting the quality of the environment, and periodically to issue land inventory reports of resource conditions.
- 3. Soil surveys are made to determine the kinds of soil, potential alternative uses of the soils, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. Soil surveys are conducted cooperatively with other federal agencies, and land grant universities, other state agencies and local organizations. The published soil survey includes maps with explanatory information useful in many federal, state, county and local community programs. Interim and supplemental reports are prepared and released as needed for local uses.
- 4. Snow surveys are conducted in the Western States including Alaska. Data collected are the basis for making water supply forecasts. The forecasts provide estimates of runoff volumes (both short-term and seasonal) available for irrigation use, stream and reservoir regulation, power generation and other purposes. Data collected are also valuable for predicting when the potential for flood flow exists. Water supply forecasts are provided the public, other state and federal agencies, groups of water users and individuals for their guidance in the efficient use and management of available water supplies.
- 5. Plant materials centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work of these centers includes cooperation with state and federal agencies, commercial concerns and seed associations to encourage production, release, and use of new or uncommon plant materials that fill specific needs in soil and water conservation programs.

Local, State and Federal Participation  
in Conservation District Programs

Officials of conservation districts provide the local leadership for development and operation of appropriate land use and conservation treatment programs on private



# CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1975





lands. They solicit local, state and federal participation in locally-adapted programs that conserve and improve land and water resources. Over the years they have developed cooperative ways of financing conservation programs which provide numerous public and private benefits. The 2 million private landowners and operators, who cooperate in district programs, finance more of the program cost than all public sources combined. State and local contributions continue to increase.

Conservation Operations funds obligated and man-years used in 1975 by state were:

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>	<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
Alabama	\$ 3,614,541	198.2	Nebraska	\$ 7,125,029	348.2
Alaska	475,766	14.5	Nevada	1,680,457	75.7
Arizona	2,125,228	102.7	New Hampshire	699,625	36.8
Arkansas	4,522,367	255.5	New Jersey	1,089,412	53.1
California	6,705,399	362.4	New Mexico	3,632,971	196.1
Colorado	4,966,428	250.2	New York	3,753,178	201.0
Connecticut	495,156	27.8	North Carolina	4,355,330	252.1
Delaware	319,784	20.2	North Dakota	3,121,101	167.0
District of Columbia	5,050,734	180.5	Ohio	4,221,392	225.7
Florida	2,836,637	151.9	Oklahoma	5,251,913	327.2
Georgia	5,407,807	276.6	Oregon	6,171,039	259.8
Hawaii	879,570	33.9	Pennsylvania	4,596,721	223.8
Idaho	3,419,079	165.4	Puerto Rico	1,249,276	59.7
Illinois	4,807,487	246.2	Rhode Island	196,421	10.9
Indiana	4,291,767	239.6	South Carolina	2,857,758	168.6
Iowa	5,213,641	270.0	South Dakota	3,196,725	168.5
Kansas	5,436,481	298.2	Tennessee	3,861,969	204.4
Kentucky	4,342,422	224.3	Texas	17,997,486	966.0
Louisiana	3,188,535	176.0	Utah	2,465,212	120.7
Maine	1,178,004	59.7	Vermont	870,923	43.2
Maryland	6,830,269	232.9	Virginia	3,165,260	178.6
Massachusetts	766,505	38.1	Washington	4,096,284	217.2
Michigan	3,795,752	203.8	West Virginia	2,434,089	138.6
Minnesota	4,249,174	225.6	Wisconsin	3,372,136	193.8
Mississippi	4,111,474	243.2	Wyoming	2,608,594	125.1
Missouri	4,656,276	250.1	Undistributed	4,643,358	1/ 35.4
Montana	3,897,070	185.8			
			Total Conservation		
			Operations	<u>196,297,012</u>	<u>9,930.5</u>

1/ Nearly \$3.5 million of the unobligated carryover related to equipment purchases, primarily for snow survey automation which will be made in FY 1976.

#### Status of District Organization as of 6/30/75

A total of 23 new conservation districts were formed in FY 1975. Twenty-eight previously established districts were merged or consolidated with other districts. Overall, the total number of districts decreased by 5. More than 21 million acres were transferred between districts. Over 1.6 million acres were added to 27 existing districts. The net increase of new territories brought into districts in 1975 was 1,968,792 acres. About 97 percent of the total farm and ranch lands and about 99 percent of the farms and ranches in the nation are now within boundaries of conservation districts. The following table shows the classification, number and area of districts and number of farms as of June 30, 1975.

Summary of Conservation Districts Organized, by Kinds of Districts, Cumulative to July 1, 1975.



Kind of District	State	Districts No.	Approximate Area	Farms
			Acres	No.
Soil & Water Cons. Dist.	49 States	2,913	2,206,246,494	2,695,833
Soil & Water Cons. Dist.	Caribbean Area	18	1,946,958	33,153
Work Areas (called Dist.)	Conn.	8	3,112,000	4,490
Grass Cons. Districts	Mont.	3	1,388,071	281
Imperial Irrigation Dist.	Calif.	1	908,195	822
Elephant Butte Irrigation District	N. Mex.	1	133,588	52
Total Conservation Districts		2,944	2,213,735,306	2,734,631

Land in farms in districts	Acres	Percent
United States	1,033,238,950	97.16
Caribbean Area	1,335,959	100.00
Total	1,034,574,909	97.17

Farms in districts	Number	Percent
United States	2,701,478	98.94
Caribbean Area	33,153	100.00
Total	2,734,631	98.95

#### Projected District Organization

Six new soil and water conservation districts are expected to be organized in FY 1976. Formation of another 4 new districts is anticipated in 1977. About 10 more districts are expected to be organized within the next few years. The following table shows the current projection with estimated number of farms and acreage:

	Number of Districts	Acreage in Districts		Number of Farms
		Total Area	Land in Farms	
<u>Actual</u>				
June 30, 1974	2,949	2,211,766,514	1,032,653,372	2,728,029
Average per SCD	---	750,006	350,171	925
June 30, 1975	2,944	2,213,735,306	1,034,574,909	2,734,631
Average per SCD	---	751,948	351,418	929
<u>Estimate</u>				
June 30, 1976	2,936	2,215,700,000	1,036,500,000	2,741,233
Average per SCD	---	754,666	353,031	934
June 30, 1977	2,928	2,217,700,000	1,038,500,000	2,747,835
Average per SCD	---	757,411	354,679	938

The number of farms shown is based on the 1969 Census of Agriculture, adjusted slightly to reflect continued changes in total number of farms in the United States. The average size of farms in districts as of June 30, 1975, was 378 acres. Trends in recent years have been to larger farms and to more specialization. Continuation of these trends and subdivisions of private properties are expected. Conservation plans must be revised to reflect land use changes, changes in farm enterprises and adaptation to changing technology and world-wide conditions.



This recently completed parallel terrace system, in Texas, gently walks excess water to vegetated outlets at either end of the terraces.



The area protected by conservation tillage continues to expand rapidly. This Nebraska farmer is using a no-till planter in sorghum residue. Thirty to sixty percent of the residue protects the surface.







Over a billion acres of grasslands are one of America's greatest natural resources providing more than 200 million animal unit months of grazing. In areas of limited rainfall, ponds provide water for livestock and are often stocked with fish for recreational purposes.



A well managed woodlot in South Carolina is representative of conservation practices applied to privately owned forest resources.





A Nebraska windbreak provides shelter for cattle and protects cropland from erosion caused by wind.



This single-row North Dakota windbreak holds snow which provides moisture for the next crop.





### Information Services

Current information work of the Soil Conservation Service is directed toward encouraging farmers and ranchers to apply appropriate conservation practices on their land to slow down soil erosion from wind and water. Expanding crop production is making heavier demands on soil and water resources, and the Service is making use of several media to stress the importance of conservation on new cropland and land being used more intensively.

Other Service information efforts include making availability of published soil surveys better known to farmers and other land users; publishing how-to-do-it bulletins, like "Farming Terraced Land"; reporting on new developments, as in "New Plants for Conservation"; and helping to exchange useful ideas for rural community growth and development.

Information is issued through press releases, photographs, slide presentations, publications, speeches, magazine articles, and short radio and television public service announcements. It is the responsibility of each district conservationist to plan and conduct an information program to fit specific local needs.

The monthly SOIL CONSERVATION magazine is an important vehicle for keeping SCS technicians and others informed of current trends and new developments. This magazine is sent to all Service offices and to conservation district directors and supervisors. In recent months, the magazine has included articles and editorials on such subjects as windbreaks, wildlife management, conservation cropping systems, deferred grazing, range seeding, stripcropping, terracing, brush control, woodland site preparation, irrigation, and critical area plantings. Collections of articles on a single subject are periodically pulled together and issued as reprints from the magazine, providing the public with inexpensive yet useful publications.

The Service has continued its work of supplying technical information and on-the-site assistance to schools and colleges in developing outdoor classrooms and natural resource teaching areas. The agency also participated in two regional training seminars that brought together Service people and college and university faculty in an effort to improve environmental training for teachers. These seminars were held at University of Southwestern Louisiana and at Ball State University, in Indiana, and they have led to similar seminars on environmental education within individual states.

### Planning Assistance

Resource conservation planning assistance is furnished to individuals, groups, and rural communities to help them plan solutions to problems associated with the development and use of soil and water resources. This assistance is basic to conservation plans of individuals and groups and to the development of resource plans of rural communities and inventories or evaluations based on resource data. These plans provide for the use, development, and conservation of soil, water and related resources. They meet the needs and desires of those who own, use or control the resources. In this way conservation plans guide community and national development and maintenance of soil and water resources.

Conservation Planning: In meeting the Nation's continued need for all out food production, the Service will accelerate planning assistance to those land users who need technical assistance in order to increase production and protect valuable soil and water resources. Planning assistance includes soil survey information which provides the basis for selecting the most promising acreage for more intensive farming. Many conservation plans need to be updated to reflect decisions and alternatives necessary to meet the Nation's production objectives.

Current technical information is provided to help users of individual land unit, including farmers, ranchers, units of government and others owning or using land, make wise land use decisions, which meet national objectives to maintain the soil and water resource base, reduce erosion, and control agricultural related pollutants. Decisions also reflect the resource management objectives of the individual. Such actions help

maintain a quality environment. Conservation plans include needed land use conversions, conservation treatment, and installation schedules specifically tailored to the labor, equipment, capital, and managerial ability of the individual land user.

Many soil, water and related resource problems common to a community can be solved only by people working together in groups. Planning assistance includes soil, water, plant, and other resource inventory data applicable to current and anticipated planning needs. The Service assists the group or community explore alternative solutions in development of plans to meet desires and objectives of the group in management and development of their resources.

Resource inventories and evaluations are provided rural communities to help them solve soil, water, and related problems and for rural development. Technical data provides a basis for comprehensive planning, land use and treatment ordinances, water laws, taxation, and other governmental devices essential to sound land use and management.

Plan Revision: Assistance in keeping conservation plans current is provided. Decision makers must revise and modify conservation plans as objectives, technology, economics, and other factors change. The Service assists them adapt to changing conditions by providing updated soil and water resource information.

#### Status of Conservation Planning Activity

Following is the number of district cooperators and progress in farm and ranch conservation planning with Conservation Operations planning assistance.

Item	Fiscal Year 1975 (Actual)a/		Net Change	Cumulative in SCD's June 30 b/
	Increase	Decrease		
Number of district cooperators .....	78,176	-56,139	+22,037	2,311,133
Number of conservation plans:				
Developed .....	57,827	-40,455	+17,372	1,824,108
Revised .....	25,353	- -	- -	- -
Acres .....	- -	- -	- -	39,021,029
	<u>Fiscal Year 1976 (Estimate)</u>			
Number of district cooperators .....	75,000	-50,000	+25,000	2,340,000
Number of conservation plans:				
Developed .....	65,000	-42,000	+23,000	1,840,000
Revised .....	30,000	- -	- -	- -
	<u>Fiscal Year 1977 (Estimate)</u>			
Number of district cooperators .....	78,000	-50,000	+28,000	2,355,000
Number of conservation plans:				
Developed .....	68,000	-42,000	+26,000	1,860,000
Revised .....	30,000	- -	- -	- -

a/ In addition, 3,627 conservation plans and 1,676 revisions of plans were prepared in 1975 under other programs administered by the Soil Conservation Service.

b/ Totals under all conservation programs.

As of June 30, 1975, about 44 percent of the operating units in conservation districts had been planned with technical assistance from the Soil Conservation Service. The 1,824,108 plans as of June 30, 1975, comprise 614 million acres, or about 45 percent of the total agricultural land in the United States.





This ranch near Ouray, Colorado supports a large big game herd, sheep and cattle. Ranch planning requires services of a biologist as well as a range conservationist - shown working together in photo above. Conservation management is essential to providing adequate winter range for all animals.

One way in which American know-how helps foreign nations produce essential food and fibre is illustrated in photo below. An Indiana farmer explains his conservation plan - his conservation cropping system, crop rotation, and woodland management to a foreign visitor.







The holding pond shown above is part of a waste management system which collects liquid waste runoff from a feedlot containing 300 head of cattle.

Liquid waste is taken from a holding pond and distributed onto a pasture by use of a 600 gallon wagon.







Conservation Planning in Conservation Districts  
by States and Nationally, June 30, 1975

States	Total CD's		Operating		Conservation		% of Operating	
	as of 6/30/75		Units in CD's		Plans Prepared		Units Planned	
	Number	Acres	Number	Acres	Number	Acres	%	%
Northeast								
Connecticut	8	10,441	1,158,018	3,289	334,713	31.5	28.9	
Delaware	3	7,722	1,077,283	2,774	395,264	35.9	36.7	
Maine	16	31,607	14,503,213	8,744	1,642,502	27.7	11.3	
Maryland	24	39,132	5,278,021	19,302	1,928,592	49.3	36.5	
Massachusetts	15	16,311	2,150,910	8,497	834,607	52.1	38.8	
New Hampshire	10	29,197	3,471,626	4,656	738,693	15.9	21.3	
New Jersey	15	10,097	1,256,903	4,593	522,433	45.5	41.6	
New York	56	119,886	16,328,346	28,936	4,220,827	24.1	25.8	
Pennsylvania	66	106,060	18,976,314	40,423	7,211,311	38.1	38.0	
Rhode Island	3	5,850	507,700	1,471	126,243	25.1	24.9	
Vermont	14	13,973	2,172,389	8,569	1,599,714	61.3	73.6	
Virginia	40	112,575	18,379,688	33,049	5,231,421	29.4	28.5	
West Virginia	14	71,522	12,762,190	34,725	4,516,280	48.6	35.4	
Caribbean	18	45,094	1,920,600	18,010	974,850	39.9	50.8	
Total	302	619,467	99,943,201	217,038	30,277,450	35.0	30.3	
South								
Alabama	67	101,711	23,319,763	52,009	10,261,189	51.1	44.0	
Arkansas	76	121,677	30,053,465	91,615	18,964,106	75.3	63.1	
Florida	60	56,905	24,947,830	23,234	8,407,398	40.8	33.7	
Georgia	27	152,373	31,218,746	97,258	18,465,989	63.8	59.2	
Kentucky	121	180,442	22,170,042	58,653	7,620,044	32.5	34.4	
Louisiana	35	91,144	24,723,946	44,050	9,247,649	48.3	37.4	
Mississippi	82	141,871	25,406,282	72,959	13,971,719	51.4	55.0	
North Carolina	92	176,558	21,494,966	62,272	7,455,874	35.3	34.7	
Oklahoma	88	134,354	40,228,293	96,877	29,111,112	72.1	72.4	
South Carolina	45	92,004	17,385,121	40,509	6,676,285	44.0	38.4	
Tennessee	95	157,353	20,045,340	47,482	6,293,935	30.2	31.4	
Texas	196	293,334	157,284,186	197,668	109,816,131	67.4	69.8	
Total	984	1,699,726	438,277,980	884,586	246,291,431	52.0	56.2	
Mid-West								
Illinois	98	148,622	29,635,363	54,984	9,484,216	37.0	32.0	
Indiana	92	131,016	19,459,764	45,515	6,326,294	34.7	32.5	
Iowa	100	155,459	34,087,544	76,034	14,458,206	48.9	42.4	
Kansas	105	134,500	48,792,357	83,197	29,139,695	61.8	59.7	
Michigan	85	114,750	19,375,324	47,107	5,903,718	41.0	30.5	
Minnesota	92	132,419	34,980,475	37,940	8,487,603	28.6	24.3	
Missouri	107	165,456	33,821,981	35,639	7,477,465	21.5	22.1	
Nebraska	24	97,661	47,871,137	52,113	24,750,821	53.4	51.7	
North Dakota	64	50,252	43,029,377	33,827	28,418,805	67.3	66.0	
Ohio	88	137,764	19,564,370	56,408	7,313,821	40.9	37.4	
South Dakota	69	48,657	47,679,487	27,780	22,568,386	57.1	47.3	
Wisconsin	72	113,658	23,211,655	35,810	6,219,508	31.5	26.8	
Total	996	1,430,214	401,508,834	586,354	170,548,538	41.0	42.5	
West								
Alaska	1	1,653	563,075	442	104,913	26.7	18.6	
Arizona	31	7,588	37,195,488	4,552	10,896,182	60.0	29.3	
California	143	65,041	30,726,202	28,180	9,715,525	43.3	31.6	
Colorado	84	34,000	43,592,428	15,506	22,565,075	45.6	51.8	
Hawaii	15	3,990	3,626,952	1,609	1,873,189	40.3	51.6	
Idaho	51	35,101	19,085,616	11,739	6,357,387	33.4	33.3	
Montana	61	24,668	65,526,648	10,250	32,540,420	41.6	49.6	
Nevada	34	3,508	29,574,855	1,738	4,811,449	49.5	16.3	
New Mexico	51	21,783	58,633,907	9,832	31,175,655	45.1	53.2	
Oregon	56	41,930	27,851,034	13,315	9,459,114	31.8	34.0	
Utah	41	20,832	23,633,746	10,813	10,043,364	51.9	42.5	
Washington	55	78,992	26,251,910	22,210	8,583,627	28.1	32.7	
Wyoming	39	10,077	43,230,838	5,944	19,248,846	59.0	44.5	
Total	662	349,163	409,492,699	136,130	167,374,746	39.0	40.9	
National Total	2,944	4,098,570	1,349,222,714	1,824,108	614,492,165	44.5	45.5	

Application Assistance

The Soil Conservation Service furnishes technical assistance to land users to help them apply planned conservation measures. This includes design, layout and onsite technical assistance for the installation of the measures. Technical assistance,

when needed, is available for the maintenance of applied practices. More than a hundred soil and water conservation practices are used nationally for erosion control, water management and improved land use. Managerial and vegetative practices are used in appropriate combinations with structural measures.

Conservation practices are usually scheduled for installation when the cooperator has adequate labor and equipment available, or on a seasonal basis to take advantage of favorable conditions. Thus, timing of technical help is important. Jobs must be scheduled in proper sequence. For example, suitable outlets must be installed before terrace systems; and, main drains before lateral ditches.

Land users and local contractors provide help to layout practices. Unless technical help can be furnished when needed, it is often necessary to delay practice installations until the next year. For these reasons, the application of planned practices is of high priority at certain seasons in most areas. This is particularly true for conservation practices that need to be established immediately if the land is to be preserved as national production goals are met.

Conservation aids and temporary employees are often used during the peak workload seasons to meet increased demands. Additional employment with state or local funds is encouraged to help process seasonal workloads.

The technical assistance program provided 934,293 individual land users with technical assistance on conservation planning or application during fiscal year 1975. The 934,293 recipients of technical assistance received 2,393,900 services to help them make land use or treatment decisions or to apply conservation measures. One or more conservation practices were applied by 508,590 recipients during the year as a result of technical assistance provided.

#### Conservation Practices Installed

Practices	Unit	Installed in 1975		Est. 6/30/75 of Total Practices "On the Land"
		With Assistance Under Conservation Operations	Other Programs	
Access Road	Miles	1,873	355	36,862
Agricultural Waste Mgt. System	No.	1,227	31	5,235
Agricultural Waste Storage Facility	No.	1,039	15	2,944
Bedding	Acres	10,822	246	877,402
Brush Management	Acres	2,536,113	247,197	58,520,495
Chiseling & Subsoiling	Acres	731,052	53,001	11,435,498
Clearing & Snagging	Miles	224	143	8,647
Commercial Fish Ponds	Acres	5,020	-	65,471
Conservation Cropping System	Acres	14,692,541	912,264	221,581,436
Contour Farming	Acres	2,270,679	132,404	49,246,947
Critical Area Planting	Acres	138,923	31,731	5,476,855
Crop Residue Management	Acres	13,637,086	845,760	184,922,634
Dam, Diversion	No.	203	43	25,113
Dam, Multiple-purpose	No.	212	32	8,686
Dam, Multiple-purpose	Ac.Ft.	24,210	50,343	24,185,638
Debris Basin	No.	2,060	343	77,851
Deferred Grazing	Acres	9,714,673	323,219	94,160,470
Dike	Miles	165	72	13,556
Disposal Lagoon	No.	961	17	8,219
Diversion	Miles	2,153	291	106,314
Drainage Field Ditch	Miles	3,350	323	190,632
Drainage Land Grading	Acres	22,076	184	561,030
Drainage Main or Lateral	Miles	3,902	361	391,733
Farmstead & Feedlot Windbreak	Acres	56,086	10,612	904,464
Fencing	Miles	3,109	960	616,234
Field Border	Miles	1,117	42	49,213
Field Windbreak	Miles	1,921	335	104,107
Firebreak	Miles	2,420	103	47,119



Practices	Unit	Installed in 1975		Est. 6/30/75 of Total Practices "On the Land"
		With Assistance Conservation Operations	Under Other Programs	
Fish Raceway	Feet	8,853	200	458,347
Fish Stream Improvement	Feet	77,785	85,802	3,361,036
Fishpond Management	No.	42,398	3,125	777,102
Floodwater Diversion	Feet	62,384	11,775	1,895,734
Floodwater Retarding Structure	No.	111	174	12,462
Floodwater Retarding Structure	Ac.Ft.	6,207	154,434	6,727,714
Floodway	Feet	63,772	60,265	5,243,937
Grade Stabilization Structure	No.	11,627	2,254	263,277
Grassed Waterway or Outlet	Acres	72,483	16,317	2,256,586
Grazing Land Mechanical Treatment	Acres	3,975	4,222	1,402,796
Heavy Use Area Protection	Acres	1,945	37	197,928
Hedgerow Planting	Miles	315	36	25,079
Hillside Ditch	Miles	35	1	1,758
Holding Ponds and Tanks	No.	1,416	53	8,965
Irrigation Canal or Lateral	Miles	175	7	58,781
Irrigation Ditch and Canal Lining	Miles	1,039	34	37,123
Irrigation Field Ditch	Miles	1,140	39	130,931
Irrigation Land Leveling	Acres	239,812	3,855	12,498,645
Irrigation Pipeline	Miles	4,607	68	114,375
Irrigation Pit or Regulating Reservoir	No.	1,343	49	48,652
Irrigation Storage Reservoir	No.	158	6	41,695
Irrigation Storage Reservoir	Ac.Ft.	14,192	205	8,830,119
Irrigation System Drip	No.	287	- -	1,109
Irrigation System Drip	Acres	9,122	- -	53,202
Irrigation System Sprinkler	No.	5,366	75	149,911
Irrigation System Sprinkler	Acres	518,184	7,714	10,662,212
Irrigation System, Surface and Subsurface	No.	4,505	314	183,035
Irrigation System, Surface and Subsurface	Acres	502,361	40,223	18,953,563
Irrigation System, Tailwater Recovery	No.	1,632	31	20,284
Irrigation Water Management	Acres	2,474,417	92,400	23,936,819
Land Smoothing	Acres	152,066	14,383	8,248,683
Lined Waterway or Outlet	Feet	21,386	3,209	334,610
Livestock Exclusion	Acres	347,601	34,271	17,581,166
Minimum Tillage	Acres	2,478,397	124,698	35,829,153
Mulching	Acres	44,424	2,708	1,722,286
Open Channel	Miles	140	272	17,069
Pasture and Hayland Management	Acres	7,744,255	553,640	75,945,977
Pasture and Hayland Planting	Acres	2,095,261	221,047	77,441,400
Pipeline	Miles	2,095	778	42,220
Planned Grazing Systems	Acres	4,622,749	134,288	55,645,443
Pond	No.	49,160	2,007	2,116,786
Prescribed Burning	Acres	406,356	4,018	6,052,514
Proper Grazing Use	Acres	40,626,309	2,525,126	288,842,905
Pumping Plant for Water Cont.	No.	2,848	57	145,687
Range Seeding	Acres	301,846	78,879	17,158,045
Recreation Area Improvement	Acres	32,223	2,299	1,607,672
Recreation Land Grading and Shaping	Acres	8,124	6,408	429,566
Recreation Trail and Walkway	Miles	507	41	16,555
Spring Development	No.	3,321	421	146,551
Stock Trails and Walkways	Feet	114,073	- -	21,698,883
Streambank Protection	Miles	306	301	11,250
Stream Channel Stabilization	Miles	36	10	1,270

Practices	Unit	Installed in 1975 With Assistance Under		Est. 6/30/75 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Stripcropping	Acres	309,799	56,430	22,524,440
Structures for Water Control	No.	58,035	4,695	2,204,846
Subsurface Drain	Miles	26,389	2,217	938,261
Terrace, Basin	Miles	159	82	3,178
Terrace, Gradient	Miles	8,157	1,150	715,719
Terrace, Level	Miles	4,058	1,158	420,952
Terrace, Parallel	Miles	3,793	1,162	93,252
(Total, Terraces)	Miles	(16,167)	(3,552)	(1,233,101)
Toxic Salt Reduction	Acres	44,032	5,478	1,731,955
Tree Planting	Acres	306,138	39,650	22,692,157
Trough or Tank	No.	9,384	1,542	615,254
Waterspreading	Acres	28,345	2,099	1,275,444
Well	No.	7,263	1,117	645,629
Wildlife Upland Habitat Mgmt.	Acres	10,225,657	402,673	76,685,436
Wildlife Wetland Habitat Mgmt.	Acres	460,604	42,741	7,070,970
Wildlife Watering Facility	No.	898	55	41,210
Woodland Direct Seeding	Acres	8,094	107	882,472
Woodland Improved Harvesting	Acres	912,273	48,034	35,250,357
Woodland Improvement	Acres	290,770	22,609	17,929,188
Woodland Pruning	Acres	14,352	832	376,763
Woodland Site Preparation	Acres	202,651	13,735	6,162,879
Land Adequately Treated	Acres	21,687,101	2,879,857	- -
Land Adequately Protected	Acres	- -	- -	1,235,014,088

Financing conservation work: On a national basis, farmers, ranchers, and others invest over \$500 million, excluding cost-share payments, annually, in applying conservation measures. Most land owners and operators rely on annual income to finance conservation work and must consider economic returns. Many farmers rely on local sources of credit to finance practice installation. Soil Conservation Service conservationists help land owners and operators plan their conservation work in detail enough to assure that capital investments are sound. Nearly 20,000 land improvement contractors have local facilities to help landowners install conservation practices. This helps stabilize the economy of small rural communities and provides a sizeable amount of local employment.

Technical services with Agricultural Conservation Program: Many land users obtain cost-sharing assistance under long-term agreements initiated under the 1975 ACP. The installation of conservation practices through long-term agreements is based on approved conservation plans. For designated permanent practices, the Soil Conservation Service furnishes determination of need and feasibility, site selection, supervision of practice installation and certification of completed work. About half the cost of this assistance is financed through transfers authorized to be made from ASCS program funds, and half is absorbed as a part of the regular SCS conservation operations work in districts.

#### Cooperation with Other Agencies

Many agencies use the technical expertise unique to the Soil Conservation Service to plan and implement programs which impact rural residents or resources. Following are two examples of this usage.

Land use and planning activities in the 30 states involved in the Coastal Zone Management program of the Department of Commerce has led to increased demands for resource data and other assistance. In keeping with SCS's commitment to rural development through conservation districts, much assistance is being provided to this program.



Non-point source pollution, as it relates to PL 92-500 administered by the Environmental Protection Agency, is having a major impact on state and local agencies. Soil and water conservation districts play a major role in many states. Because of the working relationships between SCS and Conservation Districts, such an assignment affects SCS operations.

#### Assistance to Rural Groups

The Soil Conservation Service provides technical help to groups of landowners and operators in the planning, design and construction of erosion control and water management jobs that provide community-type benefits. These jobs involve adjoining farms that have closely related conservation problems, land within the watershed of small tributary streams, or an entire community. In the 1975 fiscal year, 2,794 group conservation jobs were planned. Cumulatively, a total of 25,464 such community-type plans have been prepared.

Community benefits include prevention of flood damages, reduction of health hazards, improved water management outdoor recreation facilities and pollution abatement through sediment control. The costs of such jobs are borne mainly by the cooperating landowners even though public benefits accrue. The work improves sources of municipal water, reduces damages to local roads, structures and public utilities, and controls sedimentation in reservoirs and streams. There is increasing need for such community-type group jobs in many rural areas where there is rapid population growth and urban expansion.

#### Recreation as a Land Use

As with any use of land, recreation sites must be provided conservation measures to avoid erosion and pollution. Within the Department, the Soil Conservation Service has leadership for providing technical assistance to land users who wish to develop recreation enterprises on nonfederal lands. Approximately 25,000 recreation developments were established or expanded with technical assistance from the Service during fiscal year 1975. The Service has provided assistance in the establishment of 16,555 miles of recreation trails and walkways, 198,000 acres of heavy use area protection, and 1,608,000 acres of recreation area improvement. Recreational areas and conservation treatment established on farms, ranches, and other lands, roadbanks, streambanks, surface mined areas, and around homesites enhance the quality of life in rural areas.

#### Pollution Abatement

In all of its programs, the Soil Conservation Service emphasizes land use and conservation treatment practices which contribute to pollution abatement. Environmental pollutants, such as dust, stream sediment, plant and animal pesticides and animal waste from farms are reduced. Conservation work that reduces sediment and other pollutants includes establishment of trees, shrubs, and grass on eroding areas, installation of debris basins and other structures for sediment control and reduction, and installation of lagoons, holding ponds, irrigation systems and other facilities to safely return animal wastes to agricultural lands.

Some of the direct benefits which accrue to both rural and urban residents are cleaner water, reduction of health hazards, improvement of fish and wildlife habitat, flood prevention and reduction of water purification costs.

#### Land Inventory and Monitoring

The national program of land inventory and monitoring will provide national assessments of specific soil, water and related resource data, monitor changes, and periodically report status for public use. The program will focus on acceleration of the identification of prime and unique farmlands that are needed to maintain our natural resource base and produce food, feed, forage, fiber and oilseed crops, and initiate a national erosion and sediment survey--to provide data needed to plan for the control of non-point sources of pollution (erosion and sediment). Initial activities will largely draw on existing data and provide information needed to prepare the first report of the Secretary of Agriculture required by the Rural Development Act of 1972.

A national program of land inventory and monitoring will identify and accelerate inventories essential to broad, long-range resource planning.

### Purpose and Use of Soil Surveys

The Soil Conservation Service has leadership for the federal part of the National Cooperative Soil Survey. Participants include state agricultural experiment stations and other state, federal, and local agencies. Soils are studied in the field and in the laboratory. They are described and the boundaries plotted on aerial photographs. Soil interpretations explain alternative uses and behavior of the soils. The results of research on soils and of experience in using them contribute to these explanations.

A major objective of the National Cooperative Soil Survey is to provide published soil surveys of counties or areas of comparable size. Publications are used by many agencies, organizations, and individuals.

The nationwide system of Soil Taxonomy was developed by the Soil Conservation Service in cooperation with other interested agencies of state and local governments and many foreign contributors. Soil properties are rarely uniform over broad areas. Close adherence to a nationwide system of Soil Taxonomy allows knowledge and experience gained from a particular kind of soil to be used in other areas where the same kind of soil is found. In addition, the system of Soil Taxonomy is useful to soil scientists throughout the world.

Soil surveys provide the basic data about different kinds of soil that are essential to planners in the selection of soils for various uses. Soil surveys are needed to plan runoff and erosion control measures that reduce the amount of sediment and other pollutants in streams. A soil survey enables land users to predict how each kind of soil will respond to use, management, and treatment. Soil surveys help farmers locate soils best suited for crops, and most responsive to management. They are of importance to planners, engineers, zoning commissions, tax commissioners, homeowners, developers, and others. Farms, wildlife and recreation areas, commercial and industrial sites, homesites, subdivisions, highways and airports have suffered severe losses when located on soils not suited for such purposes and special treatment was not provided to compensate for unfavorable soil conditions. In many instances, the use of soil survey information to select sites would have resulted in decreased initial construction cost as well as lower maintenance cost and fewer failures of structures.

As of June 30, 1975, detailed soil maps that meet the current standards for all potential users had been prepared on an estimated 878,376,931 acres and reconnaissance soil maps on an estimated 81,653,001 acres for a total of 960,029,932 acres. In addition, exploratory soil survey maps have been prepared on 354,062,240 acres.

### Mapping Progress

<u>Fiscal Year</u>	<u>SCS Program Acres</u>	<u>Cooperators <sup>1/</sup> Acres</u>	<u>Total Acres Mapped</u>
1975 Estimate .....	45,732,034	3,799,470	49,531,504
1976 Estimate .....	46,700,000	10,000,000	56,700,000
1977 Estimate .....	46,700,000	10,000,000	56,700,000

<sup>1/</sup> Includes soil survey mapping by other federal agencies and state and local agencies.





Editing soil survey manuscripts with word processors helps speed the soils information to farmers, ranchers, and others. This Linolex displays text on a built-in TV screen and records on a tape simultaneously. The tape will operate the automated type-setter in the GPO, thus eliminating costly hand type-setting.







A soil scientist checks the effect of sustained use of sewage effluent. Soils that have few limitations for this can be located by use of the soil survey.





Soil Surveys are useful in locating unique farmlands such as this muck soil in New Jersey. This unique farmland is used to produce truck crops.





Soil survey mapping was completed on 85 soil survey areas in FY 1975 and it is estimated that soil mapping will be completed on another 92 areas in FY 1976 and 90 areas in FY 1977.

In an effort to accelerate the soil survey program, state and local cooperators are providing more funds and people. This helps maintain progress in the acres of soil mapped.

### Soil Survey Publications

A total of 85 soil surveys including maps with explanatory text were edited and sent to the Government Printing Office during fiscal year 1975. Soil surveys for the following 118 counties or soil survey areas were published and distributed in fiscal year 1975.

#### Alabama

Talladega County  
Clay County

#### Arkansas

Crittenden County  
Phillips County  
Jackson County  
Sebastin County

#### Colorado

Adams County  
Castle Rock Area  
Boulder County Area

#### Florida

Brevard County  
Lake County Area

#### Georgia

Schley and Sumter Counties  
Appling and Jeff Davis Counties

#### Idaho

Minidoka Area

#### Illinois

Green County

#### Indiana

Elkhart County  
Hendricks County  
Daviess County  
Vigo County  
Harrison County  
Boone County  
Clark and Floyd Counties

#### Iowa

Webster County  
Howard County

#### Kansas

Rice County  
Morris County

#### Arizona

Long Valley Area  
Eastern Maricopa and  
Northern Pinal Counties

#### California

Surprise Valley-Home Camp Area  
(California-Nevada)  
Shasta County Area  
Eastern Santa Clara Area  
Palo Verde Area  
Mariposa County Area

#### Louisiana

Evangeline Parish

#### Maine

Cumberland County

#### Maryland

Charles County  
Garrett County

#### Michigan

Livingston County  
Shiawassee County

#### Mississippi

Chickasaw County  
Yazoo County

#### Minnesota

Douglas County  
Rice County

#### Missouri

Barton County  
Lafayette County  
Mark Twain Nat'l Forest Area

#### Montana

Carbon County Area

#### Nebraska

Webster County  
Seward County  
Jefferson County  
Harlan County

Harvey County  
Butler County  
Chase County

Kentucky

Estill and Lee Counties  
Menifee and Rowan Counties  
Daviess and Hancock Counties  
Pulaski County  
Logan County

New Jersey

Hunterdon County

New Mexico

Tucumcari Area  
Valencia County, Eastern Part

New York

Wyoming County  
Herkimer County  
Suffolk County

North Carolina

Pitt County

North Dakota

Ward County  
Burleigh County

Ohio

Monroe County  
Summit County  
Putnam County  
Henry County

Oklahoma

Coal County  
Tillman County  
McCurtain County  
Alfalfa County

Oregon

Trout Creek-Shaniko Area

Pennsylvania

Northampton

South Carolina

Laurens and Union Counties  
Florence and Sumter Counties

South Dakota

Hughes County  
Sully County  
Mellette County  
Todd County

Logan County  
Adams County  
Wayne County  
Richardson County  
Buffalo County

Nevada

Fallon-Fernley Area

Texas

Travis County  
Castro County  
Andrews County  
Hale County  
Coke County  
Coleman County  
Jim Hogg County  
McCulloch County  
Navarro County  
Cottle County  
Martin County  
Swisher County  
Ward County  
Stonewall County  
Moore County  
Gillespie County  
Dallam County

Utah

Cache Valley Area

Virginia

Charlotte County

Washington

Chelan Area  
Garfield County Area

West Virginia

Brooke, Hancock, & Ohio Counties  
Fayette and Raleigh Counties

Wisconsin

Dunn County  
Greene County  
Rock County  
Brown County

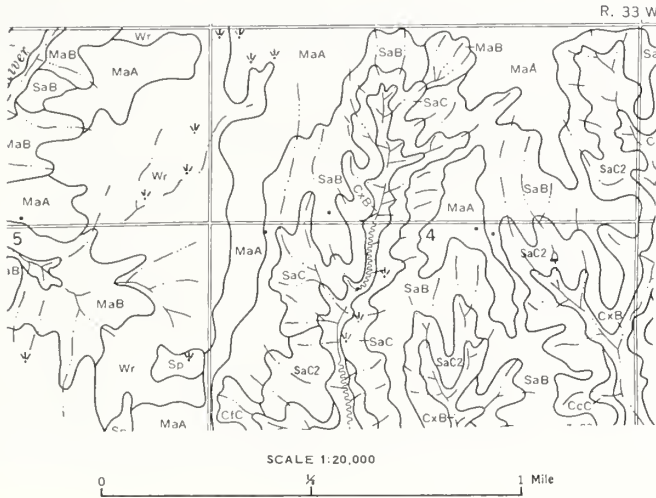
Wyoming

Riverton Area

Goals are to send 90 soil surveys to the Government Printing Office for publication in both FY 1976 and 1977.



**PART OF DETAILED SOIL MAP  
( 1.5 SECTIONS )**



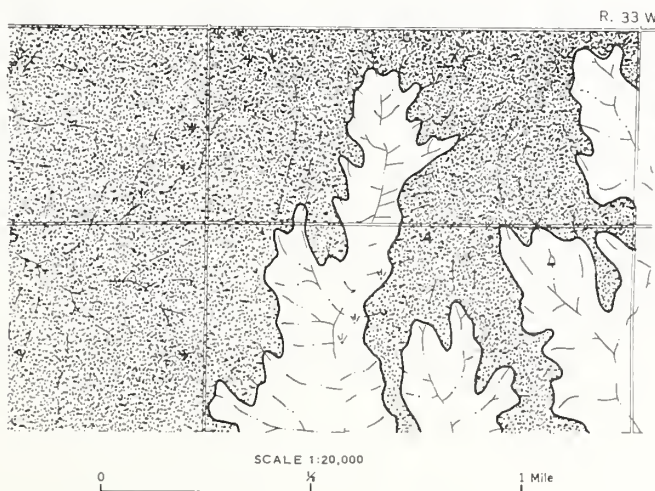
**LEGEND**

- AcD2 Adair clay loam, thin solum, 9 to 14 percent slopes, moderately eroded
- CcC Clarinda silty clay loam, 5 to 9 percent slopes
- CcC2 Clearfield silty clay loam, 5 to 9 percent slopes
- CxB Colo-Gravity complex, 2 to 5 percent slopes
- MaA Macksburg silty clay loam, 0 to 2 percent slopes
- MaB Macksburg silty clay loam, 2 to 5 percent slopes
- SaB Sharpsburg silty clay loam, 2 to 5 percent slopes
- SaC Sharpsburg silty clay loam, 5 to 9 percent slopes
- SaC2 Sharpsburg silty clay loam, 5 to 9 percent slopes, moderately eroded
- Sp Sperry silt loam
- Wr Winterset silty clay loam

APRIL 1975

Soil survey maps are used to determine the location and acreage of prime and unique farmland. A prime farmland map (bottom) that has been derived from a detailed soil map (top) is illustrated. Lands having unique qualities for basic food and fiber production must be preserved for agricultural use.

**PART OF DETAILED PRIME AND UNIQUE FARMLAND MAP  
( 1.5 SECTIONS )**



**LEGEND**

- PRIME & UNIQUE FARMLAND
- OTHER FARMLAND

APRIL 1975





Arduous foot travel is still necessary to get to remote snow measuring sites in western mountains. This is often hazardous. Snow surveyors must be trained in winter survival techniques and be in outstanding physical condition.



Automated sites will eventually take the place of many manually measured sites. This site located in Montana, near the north boundary of Yellowstone Park, has a snow pillow on the ground surface attached to a recorder within the shelter. A continuous record of snow accumulation and melting is provided. This information is transmitted by a VHF radio to a base location, on demand.



### Interim and Supplemental Soil Reports

As a part of soil survey assistance, copies of field sheets, charts, maps, and related special soil interpretations are provided to local officials, planning commissions, and others. These reports are designed to meet specific, immediate needs of local people. They are generally prepared for portions of a county in which a soil survey is in progress. Local funds usually are provided to cover part of the cost of reproducing interim reports.

During fiscal year 1975, 428 interim reports were prepared. About 342 interim reports are expected to be prepared in fiscal year 1976 and 350 in fiscal year 1977.

### Snow Survey and Water Supply Forecasting Activities

Snow surveys are conducted in cooperation with federal, state and local agencies, irrigation and power companies, and the Province of British Columbia. Snow surveys measure the high mountain snow pack and project anticipated stream flow. Snow-fed streams in the West provide 70 percent of the water supply used for agriculture, industry, municipal uses, recreation, fish and wildlife and other purposes. SCS operates a network of snow courses and related data collection sites in the Western States and Alaska. Depth and water content of snow and other related data are systematically collected from 1,600 high mountain snow courses on a regular basis. In addition to snow data, soil moisture data are collected at 200 locations and precipitation at 500 locations. Currently most data are gathered by SCS personnel and cooperating agencies who travel to remote areas by snowshoe skis, over-snow machines and aircraft. Plans are to automate more than 500 data sites. In addition to remote sensing devices at the data sites, this plan includes a westwide radio telemetry and data management system. Approximately 50 locations are now fully equipped with modern automatic telemetry equipment for collecting and transmitting data.

Sensing equipment has been purchased for 260 sites and installed in 160.

Computer terminals for 9 states and System Central have been purchased and are expected to be operational by July 1, 1976. The Communication System for transmitting data from 150 snow course sites is expected to be installed by early February 1977.

The following table shows accomplishments in the 1975 fiscal year and future estimates:

<u>Item</u>	<u>1975</u> Number	<u>1976</u> (estimate) Number	<u>1977</u> (estimate)
Snow course measurements (manual) .....	6,278	8,000	8,000
Automated telemetry data site readings .....	20,250	25,000	150,000
Number of forecasts issued .....	3,793	3,800	3,800
Aerial Snow Market readings .....	762	762	762
Mountain precipitation gage readings .....	1,882	1,900	1,900

### Plant Materials Centers

Plant materials centers are located in selected plant growth regions. They are operated to meet the needs for improved vegetation in various watershed, resource development, highway, strip mine land reclamation, wildlife and other conservation programs. Plant materials play an essential part in erosion control, land use adjustments, and environmental protection and enhancement. Eighteen centers are operated by the Soil Conservation Service and two by cooperating agencies. They are:



Operated by Soil Conservation Service:

Tucson, Arizona  
Lockeford, California  
Brooksville, Florida  
Americus, Georgia  
Molokai, Hawaii  
Aberdeen, Idaho  
Manhattan, Kansas  
Quicksand, Kentucky  
Beltsville, Maryland

East Lansing, Michigan  
Coffeerville, Mississippi  
Elsberry, Missouri  
Bridger, Montana  
Cape May Courthouse, New Jersey  
Big Flats, New York  
Corvallis, Oregon  
Knox City, Texas  
Pullman, Washington

Operated by cooperating agencies:

Los Lunas, New Mexico (New Mexico State University)  
Bismarck, North Dakota (North Dakota Association of Soil Conservation Districts)

Other:

In addition to the 20 centers listed above, the State of Alaska operates a plant materials center at Palmer. The White River and Douglas Creek Soil Conservation Districts have established a center at Meeker, Colorado. The Soil Conservation Service assists these activities through cooperative agreements.

Comparative Plant Testing

Approximately 16,000 foreign and domestic plant collections are being evaluated at any one time at plant materials centers. These collections are evaluated under a wide variety of soil and climatic conditions in approximately 9,000 plantings. Much of the work under this activity is carried out in cooperation with other federal agencies and state experiment stations, state highway agencies and state departments of natural resources, conservation, and game.

The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts. Tests are conducted with public agencies responsible for public land, such as wildlife management areas, parks, highways and beaches.

Beneficial Uses of Plant Materials

Most of the plant materials selected by plant materials centers are adapted to soil and site conditions on which it is difficult to establish vegetative cover. Plants for stabilizing critical areas are needed in all parts of the country. A recent survey conducted by SCS showed that about 2 million acres of surface mined lands are in need of reclamation. The amount of land disturbed annually by surface mining of coal is expected to increase in future years. The reclamation of surface mined coal and oil shale lands in the Northern Great Plains will require plant testing and selection at plant materials centers because soil conditions, climate, and rainfall are quite variable.

Vegetation is a significant component of more than two-thirds of the conservation practices farmers, ranchers, and others find essential to the solution of their erosion and land use problems. These problems require a wide variety of plant materials, some of which have a limited but vital application.

This program has contributed over 120 new conservation plant varieties that are now in large scale production and use in resource conservation and development. Many of these plants have been adapted to soil and site conditions on which it is difficult to establish vegetative cover.

Over 1,000,000 acres of surface-mined lands have been reclaimed by 22,500 landowners in 1,973 soil conservation districts. Much of this reclamation was accomplished by



using SCS plant materials such as 'Arnot' bristly locus, 'Cardinal' autumn olive, 'Chemung' and 'Emerald' crownvetch, 'Lathco' flatpea, 'Rosana' western wheatgrass and 'Durar' hard fescue. 'Tioga' deertongue grass, currently being released by SCS and the Pennsylvania and Cornell Agricultural Experiment Stations, will be used specifically for the stabilization and reclamation of very acid mine spoils in the East.

A survey conducted in Texas showed that nearly 6,000,000 acres of rangeland in that state alone is now better protected as a result of being seeded to improved grasses cooperatively released by the Soil Conservation Service. Examples of improved range grasses include 'kleingrass 75' 'Texoka' buffalograss, 'Lunar' pubescent wheatgrass, 'Greenar' intermediate wheatgrass and 'Kaw' big bluestem.

An average of five new conservation plant varieties a year are being released in cooperation with state experiment stations and other agencies and organizations. These new releases are moved rapidly into commercial production by seed growers and private and state nurseries.





About 15,000 native and introduced species are evaluated annually at Soil Conservation Service Plant Materials Centers. Initial testing at a PMC is shown above. Selected plants are further tested in plantings on typical problem areas as shown below.









Many SCS tested plants are selected for erosion, soil or site conditions where it is difficult to establish vegetation. Such sites include surface mined lands, roadbanks, urban and industrial development areas and the protection of streambanks, pond, and lake waterlines.











River Basin Surveys and Investigations

Appropriation Act, 1976 .....	\$14,745,000
Budget Estimate, 1977 .....	<u>14,266,000</u>
Decrease in Appropriation .....	<u>- 479,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

	1976	Increase or Decrease	1977 Estimate
1. River Basin Surveys			
(a) Comprehensive detailed surveys ... \$	456,000	\$ --	\$ 456,000
(b) Cooperative surveys .....	10,343,000	-500,000	9,843,000
(c) Interregional economic analysis ..	320,000	--	320,000
2. Flood Hazard Analyses .....	1,677,000	--	1,677,000
3. Interagency Coordination and Program Formulation .....	1,473,000	--	1,473,000
GSA space rental cost .....	476,000	+21,000	497,000
Total available .....	<u>14,745,000</u>	<u>-479,000</u>	<u>14,266,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975 Actual	1976 (estimated)	Increase or Decrease	1977 (estimated)
1. River Basin Surveys .				
(a) Comprehensive detailed surveys .....	\$ 1,332,000	\$ 474,000	\$ +1,000	\$ 475,000
(b) Cooperative surveys .....	10,305,000	10,688,000	-485,000	10,203,000
(c) Interregional economic analysis .....	299,000	329,000	+1,000	330,000
2. Flood Hazard Analyses .....	1,823,000	1,732,000	+2,000	1,734,000
3. Interagency Coordination and Program Formulation .....	772,000	1,522,000	+2,000	1,524,000
Total appropriation .....	<u>14,531,000</u>	<u>14,745,000</u>	<u>-479,000 (1)</u>	<u>14,266,000</u>

PROJECT STATEMENT  
(On basis of available funds)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Direct Obligations:				
1. River Basin Surveys				
(a) Comprehensive detailed surveys .....	\$ 1,274,029	\$ 598,000	\$ -123,000	\$ 475,000
(b) Cooperative surveys .....	9,858,221	11,874,805	-1,671,805	10,203,000
(c) Interregional economic analysis .....	286,006	317,000	+ 13,000	330,000
2. Flood Hazard Analyses .....	1,744,039	1,896,000	-162,000	1,734,000
3. Interagency Coordination and Program Formulation .....	738,017	1,690,000	-166,000	1,524,000
Total obligations .....	<u>13,900,312</u>	<u>16,375,805</u>	<u>-2,109,805 (1)</u>	<u>14,266,000</u>
Unobligated balance brought forward .....	(-1,000,117)	(-1,630,805)	(+1,630,805)	--
Unobligated balance carried forward .....	(+1,630,805)	--	--	--
Appropriation .....	<u>(14,531,000)</u>	<u>(14,745,000)</u>	<u>( -479,000)</u>	<u>(14,266,000)</u>
Reimbursable obligations:				
River Basin Surveys & Invest. ..	1,374,976	1,771,000	+2,000,000	3,771,000
Total available funds .....	<u>15,275,288</u>	<u>18,146,805</u>	<u>-109,805</u>	<u>18,037,000</u>

SOURCES OF REIMBURSEMENTS

	1975	1976 Estimate	Increase or Decrease	1977 Estimate
HUD Flood Insurance Studies .....	\$ 578,423	\$1,017,000	+\$2,000,000	\$3,017,000
Water Resources Council .....	257,375	160,000	--	160,000
Other federal sources .....	195,746	144,000	--	144,000
Non-federal sources .....	343,432	450,000	--	450,000
Total reimbursements .....	<u>1,374,976</u>	<u>1,771,000</u>	<u>+2,000,000</u>	<u>3,771,000</u>

OUTLAYS

1. River Basin Surveys				
(a) Comprehensive detailed surveys .....	1,277,114	593,000	-116,000	477,000
(b) Cooperative surveys .....	9,882,089	11,778,000	-1,471,000	10,307,000
(c) Interregional economic analysis .....	286,698	314,000	+22,000	336,000
2. Flood Hazard Analyses .....	1,748,262	1,881,000	-125,000	1,756,000
3. Interagency Coordination and Program Formulation .....	739,804	1,676,000	-134,000	1,542,000
Total outlays .....	<u>13,933,967</u>	<u>16,242,000</u>	<u>-1,824,000</u>	<u>14,418,000</u>

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations" funds activities authorized by Public Law 83-566, as amended. The Department cooperates with other federal and state agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

-- Collection of resource data

The Department participates in:

- Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development and existing erosion and sediment problems.
- Studies to collect basic data on present and future agricultural water needs for irrigation, livestock, domestic, recreation, fish and wildlife use, forest-based industries, and municipal and industrial water needs.

-- Determination of problems and potentials

Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for development.

-- Plan formulation

The Department participates in the formulation of coordinated river basin plans. Evaluations include studies of:

- erosion, floodwater, and sediment damage to rural lands and properties,
- impaired drainage of agricultural lands,
- agricultural drought problems and irrigation requirements,
- agricultural water needs for livestock and domestic use,
- recreation demand,
- fish and wildlife needs,
- forest-based industries,
- municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.



-- Flood hazard analyses

- are carried out in cooperation with state and local governments,
- identify flood hazards on selected flood plain reaches,
- provide reports which include flood profiles and maps showing areas subject to flooding by select frequency floods,
- provide information needed by state and local governments to implement land use and flood plain management programs.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1975, 1976, and 1977.

(Dollars in thousands)								
Explanation	:1975 Actual		:1976 Estimate		:TQ Estimate		: 1977 Estimate	
	No.:	Amount	No.:	Amount	No.:	Amount	No.:	Amount
1. Type of survey and amounts obligated:	:	:	:	:	:	:	:	:
(a) Comprehensive	:	:	:	:	:	:	:	:
Detailed Surveys:	:	:	:	:	:	:	:	:
1. Surveys in progress, start of year .....	8	- -	5	- -	6	- -	6	- -
2. Surveys initiated during year .....	0	- -	3 <u>1/</u>	- -	0	- -	6 <u>4/</u>	- -
3. Surveys worked during year .....	8	1,274	8	598 <u>2/</u>	6 <u>3/</u>	120	12 <u>5/</u>	475
4. Surveys completed during year .....	3	- -	2	- -	0	- -	3	- -
5. Surveys in progress, end of year .....	5	- -	6	- -	6	- -	9	- -
6. Cumulative total surveys initiated ..	24	- -	27	- -	27	- -	33	- -
7. Cumulative total surveys completed ..	19	- -	21	- -	21	- -	24	- -
Total Detailed Surveys .....	:	1,274	:	598	:	120	:	475
(b) Surveys in cooperation with state and other federal agencies:	:	:	:	:	:	:	:	:
1. Surveys in progress, start of year .....	50	- -	51	- -	51	- -	51	- -
2. Surveys initiated during year .....	7	445	6	606	1	12	0	- -
3. Surveys worked during year .....	57	9,413	57	11,269	52	2,617	51	10,203
4. Surveys completed during year .....	6	- -	6	- -	1	- -	8	- -
5. Surveys in progress, end of year .....	51	- -	51	- -	51	- -	43	- -
6. Cumulative total surveys initiated ..	96	- -	102	- -	103	- -	103	- -
7. Cumulative total surveys completed ..	45	- -	51	- -	52	- -	60	- -
Total Cooperative Surveys .....	:	9,858	:	11,875	:	2,629	:	10,203
Total surveys and obligations .....	65	11,132	65	12,473	58	2,749	63	10,678
2. Flood hazard analyses:	:	:	:	:	:	:	:	:
(a) States with studies underway .....	30	1,744	33	1,896	34	430	36	1,734
(b) Reports completed ..	16	:	26	:	7	:	37	:

Explanation	:1975 Actual		:1976 Estimate		:TQ Estimate		:1977 Estimate	
	No.:	Amount	No.:	Amount	No.:	Amount	No.:	Amount
3. Interregional economic analyses .....	:	286	:	317	:	83	:	330
4. Interagency coordination and program formulation:	:	738	:	1,690	:	425	:	1,524
Total obligations .....	:	13,900	:	16,376	:	3,687	:	14,266

1/ To be funded by the Water Resources Council.

2/ The \$598,000 will fund 5 of the 8 surveys worked, 3 of the 8 are to be funded by the Water Resources Council.

3/ The \$120,000 will fund 3 of the 6 surveys worked. The Water Resources Council will fund the remaining 3.

4/ To be funded by the Water Resources Council.

5/ The \$475,000 will fund 3 of the surveys worked. The Water Resources Council will fund the remaining 9.

#### JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$479,000 in appropriation for River Basin Surveys and Investigations. On the basis of available funds, there is a decrease of \$2,109,805 consisting of:

(a) An increase of \$21,000 for space rental cost.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

(b) A decrease of \$500,000 in Cooperative River Basin Surveys.

By not starting new cooperative river basin surveys in 1977, greater progress can be made by concentrating efforts of available personnel toward completion of surveys already in progress.

(c) A decrease of \$1,630,805 for nonrecurring work in 1976.

The FY 1976 Budget estimate anticipates the use of \$1,630,805 carried from FY 1975 to complete work initiated in FY 1975. The FY 1977 program level is based on a program reduction equal to unobligated FY 1975 funds carried forward into FY 1976.

## STATUS OF PROGRAM

Current Activities: Section 6 of the Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation with other federal, state, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resources programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources. They are also used as a basis for coordination of this development with downstream and other phases of water development.

### Surveys and Investigations

As its part in cooperative river basin surveys and investigations, the Department analyzes and projects the agricultural, forestry, and related economics of the basin, including the use of land and water, and their relationship to the total economy of the basin or region. It studies and investigates agricultural, rural, and upstream water and related land resources and problems to determine corrective actions needed and potentials for development. Evaluations include studies of erosion, floodwater, and sediment damage to rural lands and properties, impaired drainage of agricultural lands, agricultural drought problems and irrigation requirements, water needs for livestock and rural domestic use, recreation, fish and wildlife, forest-based industries, and municipal and industrial potential.

The inventories and analyses of potential water and related land resource developments in upstream watersheds include water storage capacity, the effect of land use and management practices on water quality and flow characteristics, and the potential hydrologic effect of agricultural, rural, and upstream watershed development. Consideration also is given to the effects of potential water resource development projects on lands and programs administered by the Department.

The Department participates in the formulation of coordinated comprehensive plans for, or approaches to, water and related land resource developments. It is particularly concerned with upstream watershed projects and their relationship to major works of other agencies.

There are three types of investigations and surveys conducted--the comprehensive framework surveys of water resource regions, comprehensive detailed river basin surveys, and cooperative river basin surveys. The first two types are carried out jointly by the concerned Federal Departments and the involved states and are coordinated at the state level.

### Interagency Coordination

Interagency coordination and program formulation in water and related land resources are achieved at the federal level through the Water Resource Council. The Secretary of Agriculture is a member of the Council. The Council maintains a number of standing committees, technical committees, and ad hoc work groups on which the Department is represented. At the field level, coordination is achieved through River Basin Commissions, Interagency Committees, or ad hoc coordinating committees. The Soil Conservation Service provides the Department member for each of these coordinating groups.

### Program Assignments

The Soil Conservation Service has leadership for administration of river basin planning work authorized under Section 6 of the Watershed Protection and Flood Prevention Act, including the development of general principles, criteria, and procedures; determination of land resources availability and land uses; appraisals of physical problems and development needs; determination of development potential of upstream watersheds; and program coordination with the Water Resources Council and member agencies.



The Forest Service is responsible for forestry aspects of river basin planning relating to woodlands and forested lands, both Federal and non-Federal, and for rangelands administered within National Forests and for the analysis and projection of economic activity related to forest industries.

The Economic Research Service is responsible for basin-wide economic aspects of planning; developing agricultural economic base information and projections of agricultural production, employment, income, rural population and land use for the economic analysis of agricultural water management needs and potentials; and evaluation of the economic impact of water resource developments plans on agriculture and related sectors of the economy.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

Funds obligated for river basin investigations and coordination in FY 1975 and estimates for FY 1976 and FY 1977 are:

Agency	1975 Obligations	1976 Estimate	TQ Estimate	1977 Estimate
Soil Conservation Service	\$ 9,918,966	\$12,093,805	\$2,616,000	\$10,113,000
Economic Research Service	2,318,016	2,464,000	616,000	2,392,000
Forest Service	1,663,330	1,818,000	455,000	1,761,000
Total	\$13,900,312	\$16,375,805	\$3,687,000	\$14,266,000

Comprehensive Framework Surveys: The Senate Select Committee on National Water Resources formed in 1959 recommended, and in 1962 the Administration adopted the objective, that surveys and investigations be made of all the river basins of the country by 1970. As a result, the Water Resources Council and the Office of Management and Budget established a schedule for the completion of comprehensive framework surveys of the 21 major water resource regions encompassing the Nation (including Alaska and Hawaii). Twelve surveys in 14 of these regions have been initiated and twelve have been completed. No funding for this type of survey is planned for FY 1977.

Comprehensive Detailed Surveys: Twenty-four comprehensive detailed river basin surveys have been initiated by the Water Resources Council and the Office of Management and Budget. As of June 30, 1975, 19 of these surveys have been completed, two are scheduled to be completed by the end of FY 1976. There will be six surveys initiated in FY 1977. These will be funded by the Water Resources Council. There will also be six surveys continuing from FY 1976 into FY 1977. Three of these will be funded by the Water Resources Council and three will be funded with River Basin appropriated funds. Three of the six surveys continuing into FY 1977 are expected to be completed by the end of FY 1977. Two of these three are funded with River Basin appropriated funds and one is funded by the Water Resources Council.

Cooperative Surveys with States and Concerned Federal Agencies: In addition to participating in these federally coordinated comprehensive surveys the Department cooperates with state and concerned federal agencies preparing or updating state water resource plans. The Department helps states coordinate upstream and downstream elements of needed water and related land resource developments. In most cases, cooperative surveys are as detailed as the surveys for regional and river basin plans. Since 1960, the Department has participated in 96 cooperative surveys and has completed 45.

Early indications from framework studies are that approximately 200 river sub-basins will require detailed comprehensive surveys or cooperative surveys. The Department of Agriculture participates in these to assure proper consideration and development of rural, agricultural, and upstream areas.



River basin surveys and investigations cover large areas as a basis for arraying priorities for the use of water and land resources. Modern techniques, such as this infra-red aerial view of the Missisquoi River, Vermont, are used to identify problem areas and compare alternative solutions.

The photo below shows a flood retarding dam which protects Thatcher, Arizona and surrounding highly productive irrigated lands. Before structures like this are recommended, river basin surveys determine what alternative measures might be available to solve the problem and meet the needs.







# Flood Hazard Analyses

The Soil Conservation Service assists state and local agencies in making flood hazard investigations on selected stream reaches in accordance with the provisions of House Document No. 465, 89th Congress, Recommendation 9(c). This recommendation provides that limited technical assistance should be given state and local planners in the preparation of flood plain location. Preliminary reports are being prepared for guidance in areas where assistance is needed before a full flood hazard information report can be prepared in accordance with Recommendation 9(c) or where a full report is not scheduled. Each flood hazard analysis is carried out in accordance with a Plan of Study developed by the responsible state agency, the requesting local government(s) and the SCS. The non-Federal entities often provide funds or services in kind to accelerate completion of a study.

During fiscal year 1975 flood hazard analysis assistance was provided to the following states: Alabama, Alaska, California, Colorado, Connecticut, Georgia, Idaho, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington and Wisconsin.

## Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)						
		Obligations				
River Basin or Region	States Involved	Cooperating Agencies	1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
<u>Comprehensive Detailed Surveys</u>						
Southeastern New England Region	Mass., R.I., & Conn.	Other Federal	51	- -	- -	- -
Long Island Sound	Conn., & N.Y.	Other Federal	10	- -	- -	- -
Platte River	Nebraska	State & Other Federal	111			
Pacific Northwest CCJP	Ore., Wash., Idaho, Mont., Wyo.	State & Other Federal	595	374	60	315
Hawaii Regional Plan	Hawaii	State & Other Federal	151	5	- -	- -
Connecticut Supplemental Study	Conn., N.H., Vt., & Ma.	State & Other Federal	53	- -	- -	- -
Maumee	Ind., Mich., Oh.	State & Other Federal	183	161	40	115
Minn. St. Paul	Minnesota	State & Other Federal	120	58	20	45
Yellowstone	Mont., N.D. & Wyo.	State	- -	- - <u>1/</u>	- - <u>1/</u>	- - <u>1/</u>
Ohio Main Stem	Pa., W.Va., Oh., Ky., Ind. & Ill.	State	- -	- - <u>1/</u>	- - <u>1/</u>	- - <u>1/</u>
Hudson River	New York	State	- -	- - <u>1/</u>	- - <u>1/</u>	- - <u>1/</u>
Alleghany River Basin	N.Y., & Pa.	State & Other Federal	- -			- - <u>1/</u>
Delaware River Basin	N.Y., Pa., N.J. & Delaware	State & Other Federal	- -			- - <u>1/</u>
Fox-Wolf River Basin	Wisconsin	State & Other Federal	- -			- - <u>1/</u>
Lake Champlain	N.Y. & Vermont	State & Other Federal	- -			- - <u>1/</u>
South Central Alaska	Alaska	State & Other Federal	- -			- - <u>1/</u>

1/ To be centrally funded by the Water Resources Council.

Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations			
			1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
Upper Mississippi River Mainstem	Ill., Minn., Missouri, Wis. & Iowa	State & Other: Federal	- -	:	:	- - <sup>1/</sup>
Subtotal, Comprehensive Detailed Surveys			1,274	598	120	475
<u>Cooperative Surveys with States and Concerned Federal Agencies</u>						
Cape Fear	North Carolina	Corps of Engineers	49	- -	- -	- -
Yazoo-Mississippi River Delta	Mississippi	State	78	251	54	246
Tombigbee	Miss. & Ala.	State	274	270	58	69
Oregon Rivers	Oregon	State	226	238	53	223
Colorado Rivers	Colorado	State	165	261	56	136
Florida Rivers	Florida	State	411	378	95	326
Arkansas River in Kansas	Kansas	State	19	- -	- -	- -
Upper Rio Grande	New Mexico	State	35	- -	- -	- -
Central Lahontan	Nevada & Cal.	State	208	- -	- -	- -
Elkhorn, Big Blue	Nebraska	State	99	- -	- -	- -
Nemaha & Niobrara Rivers						
James River	Virginia <sup>2/</sup>	Corps of Engineers	2	55	24	20
Southeast Michigan River	Michigan	Corps of Engineers	35	- -	- -	- -
Southwest Washington Rivers	Washington	State	97	5	- -	- -
Republican River	Nebraska	State	12	275	62	179
Green & Kentucky Rivers	Kentucky & Tennessee	State	193	231	50	222
Massachusetts Water Resources Study	Massachusetts	State	186	217	46	214
Hawaiian Rivers	Hawaii	State	67	23	- -	- -
Wind, Big Horn, Clarks Fork, & Green Rivers	Wyoming & Montana	State	237	294	64	207
Blackwater-Lomaine	Missouri	State	186	26	- -	- -
Southwest Ohio	Ohio	State	78	203	40	141
Texas Coastal Basins	Texas	State	201	198	42	166
Black Warrior - Alabama Rivers	Alabama	State	248	303	64	285

1/ To be centrally funded by the Water Resources Council.

2/ The James River Basin USDA report was completed in 1974. Work is continuing to assist the Commonwealth of Virginia in the interpretation and use of study data in the planning efforts.



Geographic Breakdown and Funding for River Basin Surveys and Investigations

River Basin or Region	States Involved	Cooperating Agencies	Obligations			
			1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
Ashley-Combahee- Edisto.	South Carolina	State	174	109	24	51
Southern Minnesota Rivers	Minnesota	State	247	316	64	269
Kankakee-Elkhart	Indiana	State	289	174	- -	- -
Eastern New York	New York	State	262	307	68	318
Iowa-Cedar Rivers	Iowa	State	94	5	- -	- -
Obion-Forked Deer	Tennessee	State	336	279	60	257
Western Water Planning	Colo., N.M., Ariz., Utah, Calif., Ore., Wash., Mont., Idaho, Wyo., Nev.	State	-3	- -	- -	- -
Monongahela	West Virginia	State	162	60	- -	- -
Santa Cruz-San Pedro	Arizona	State	194	138	29	78
Chicago Metro River Basin	Illinois Chicago	Chicago MSD	495	293	48	145
Bear River	Utah, Wyo., Idaho	State	339	371	78	338
Snake River	Idaho & Wyo.	State	322	402	89	326
Tar-Neuse Rivers	North Carolina	State	130	225	48	108
Western S.D. Rivers Area	South Dakota	State	190	267	60	212
Clark Fork	Montana	State	146	250	52	78
San Joaquin	California	State	305	296	63	116
Arkansas-White, Red, New Mexico	New Mexico	State	224	265	60	261
Pocatalico	West Virginia	State	40	31	8	3
Quachita	Arkansas & La.	State	572	538	110	438
Red River Above Denison Dam	Oklahoma & Texas	State	378	363	78	274
Chowan	Virginia	State	9	60	25	141
Eastern Washington	Washington	State	123	254	56	318
North Platte River	Wyoming	State	156	190	44	193
Kalamazoo River	Michigan	State	296	281	61	149
Nonconnah, Wolf and Loosahatchie	Tennessee	State	15	58	14	56
Cooperative Re- source Assess & Support Activities	All States	All States	45	314	67	203
Pennsylvania Analytical Summary	Pennsylvania	State	101	135	14	- -
Delmarva	Md., Del., Va.	State	269	215	46	200
Wisconsin River	Wisconsin	State	311	270	58	291
No. Missouri River Tribs.	Missouri	State	21	272	61	309
Mississippi State- wide Analytical Summary	Mississippi	State	86	112	80	162
Little Colorado Basin	Arizona	State	9	215	47	221

Geographic Breakdown and Funding for River Basin Surveys and Investigations

River Basin or Region	States Involved	Cooperating Agencies	Obligations			
			1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
Southern Iowa Rivers	Iowa	State	166	287	63	254
Yadkin, Pee Dee Rivers	South Carolina	State	- -	93	23	180
Potomac River	West Virginia	State	- -	265	60	220
Virgin River	Nevada	State	35	208	47	193
Colorado River Salinity Study	Ariz., Cal., Nev., Wyo., & Colorado	State	120	340	68	454
New River	Tennessee	State	9	91	24	112
Upper Allegheny	N.Y., Oh., Pa., W. Va., Md.	State	- -	36	15	63
Arkansas State Wide	Arkansas	State	- -	106	30	228
Arkansas & Okla.	Ark, Okla	State	85	50	10	50
Sacramento	Calif., Or.	State	- -	100	32	393
GREAT	Minn., Wis., Iowa	State	- -	6	25	53
Minnesota River	Minnesota	State	- -	- -	12	54
Subtotal, Coopera- tive Surveys			9,858	11,875	2,629	10,203
Total River Basin Surveys			11,132	12,473	2,749	10,678
Interregional Economical Analysis			286	317	83	330
Flood Hazard Analysis			1,744	1,896	430	1,734
Interagency Coordination & Program Formulation			738	1,690	425	1,524
TOTAL DIRECT OBLIGATIONS			13,900	16,376	3,687	14,266

Typical River Basin Surveys and Flood Hazard Analyses

The following examples are representative of the surveys and investigations underway:

Snake River Basin (Cooperative Survey) - Idaho and Wyoming.

In cooperation with the Idaho Water Resource Board and the Wyoming State Engineer's office, the Department is conducting a survey and investigation of the water and related land resources of the Upper Snake River Basin. The 49.8 million acre study area includes that portion of the Snake River Basin within the States of Idaho and Wyoming. Competitive demands and intensive use of the land and water resources have increased erosion, accelerated sediment production, increased flood damages, degraded water quality and a reduction in potential productivity. Competitors for restricted water supplies, identified and needing study, include fish and wildlife, hydroelectric power production, irrigation, municipal and industrial water supply, and water based recreation. The river basin investigation will provide valuable information on alternative solutions to land and water resource problems and needs in the area which involve a number of interrelated physical, social, economic, and environmental concerns.



Data and information will be provided for both the Idaho and Wyoming State Water Plans which are presently being developed, as well as the Pacific Northwest River Basin Commission Comprehensive Coordinated Joint Plan. Coordination is maintained with these other studies to minimize duplication of effort.

The study is scheduled for completion in 1978.

Southern Minnesota Rivers Basin (Cooperative Survey) - Minnesota:

The Minnesota State Soil and Water Conservation Commission and the Department are cooperating in a detailed comprehensive survey of the water and related land resources of the Southern Minnesota Rivers Basin. The Basin includes 22,900 square miles in Minnesota, South Dakota and Iowa, the entire drainage area of the Minnesota River and those tributaries of the Mississippi River which enter downstream of the Minnesota River, in Minnesota. Objectives of the study are to identify present and projected water and related land resource problems and needs, provide information for the statewide comprehensive water management plan, identify project opportunities and provide a basis for establishing project priorities, and allow for an orderly installation of developments.

The Basin was divided into five study areas to facilitate scheduling of work. The formulation of a recommended plan for subarea 11 which includes the Little Cottonwood, Cottonwood, Yellow Medicine, and Lac Quil Parle Rivers, has been completed. The plan calls for land treatment plus several floodwater retarding impoundments and diking. The scope of the recommended plan exceeds the authorities of any authorized USDA program. Therefore, the state, through the legislative delegation, asked the Public Works Committee of the Senate and the House of Representatives to pass a Resolution directing the Secretaries of Agriculture and the Army to conduct a joint study and submit a report under the authority of Public Law 87-639.

The Committee on Public Works, United States Senate, passed such a resolution on October 15, 1975. It is anticipated that the P.L. 87-639 study and report will result in the authorization and funding for measures to meet the needs of the study area.

Flood Hazard Analyses-Persimmon and Stalling Creeks, Butler County, Alabama:

This study is being carried out by the SCS on the two flood plain areas, within and adjacent to the City of Greenville, undergoing urbanization pressure. An immediate need exists to accurately delineate the flood hazard areas along some 22 stream miles to enable the City to implement a sound flood plain management program. This cooperative flood hazard study was requested by the City and the South Central Alabama Development Commission through the Alabama Development Office (ADO), in coordination with the Butler County Soil and Water Conservation District, in accordance with the January 1974 Joint Coordination Agreement between the SCS and ADO. A Plan of Study was developed by the involved entities and the SCS setting forth the responsibilities of each. The non-federal entities agreed to provide some 27 percent of the total estimated study cost, including furnishing survey personnel, providing flood data and photographs, securing survey permission, and publishing the report and an information brochure. This study and others in Alabama and the 32 other participating states are being carried out by the SCS under the authority of Section 6, P.L. 83-566, in accordance with Recommendation 9(c) of House Document No. 89-465, and in compliance with E.O. 11296, dated August 10, 1966.







Watershed Planning

Appropriation Act, 1976 .....	\$11,196,000
Budget Estimate, 1977 .....	<u>10,012,000</u>
Decrease in Appropriation .....	<u>- 1,184,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

	1976	Increase or Decrease	1977 Estimate
Watershed planning .....	\$10,834,000	\$-1,200,000	\$ 9,634,000
GSA space rental cost .....	362,000	+ 16,000	378,000
Total available .....	<u>11,196,000</u>	<u>-1,184,000</u>	<u>10,012,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Watershed planning .....	\$11,099,000	\$11,196,000	\$-1,184,000	\$10,012,000

PROJECT STATEMENT  
(On basis of available funds)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Watershed planning direct obligations .....	\$11,277,046	\$12,212,759	\$- 2,200,759	\$ 10,012,000
Unobligated balance brought forward .....	(-1,194,805)	(-1,016,759)	(+1,016,759)	--
Unobligated balance carried forward .....	(+1,016,759)	--	--	--
Appropriation .....	(11,099,000)	(11,196,000)	(- 1,184,000)	( 10,012,000)
Reimbursable obligations .....	1,136,375	1,400,000	--	1,400,000
Total available funds .....	<u>12,413,421</u>	<u>13,612,759</u>	<u>-2,200,759</u>	<u>11,412,000</u>

SOURCES OF REIMBURSEMENTS

Other federal .....	\$ 10,448	\$ 10,000	--	\$ 10,000
Non-federal .....	1,125,927	1,390,000	--	1,390,000
Total reimbursements .....	<u>1,136,375</u>	<u>1,400,000</u>	<u>--</u>	<u>1,400,000</u>

OUTLAYS

Watershed planning .....	<u>\$10,838,155</u>	<u>\$12,633,000</u>	<u>\$-1,657,000</u>	<u>\$10,976,000</u>
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EXPLANATION OF PROGRAM

The appropriation "Watershed Planning" funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares work plans in cooperation with local sponsors. The planning activities consist of:

- Cooperation between the federal government and state governments and their political subdivisions in assisting local sponsoring organizations develop work plans for proposed watershed projects,
- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,
- Studying alternatives to provide the best combination of land treatment,



- nonstructural and structural measures for the protection, conservation, development, management and utilization of land, water and related resources,
- Compiling information that is the basis for mutual agreement by the Department, local organizations and the public concerning the possible alternative solutions which will best meet environmental, social and economic goals,
  - Making environmental assessments concurrently with other planning efforts for every proposed watershed project,
  - Preparing environmental impact statements and making them available to the public.

The watershed work plans:

- Identify the soil and water management problems in the watershed.
- List the steps that have been or are authorized to be taken to alleviate these problems.
- Outline the proposed works of improvement to be installed.
- Itemize the estimated benefits and costs.
- Set out the cost-sharing and operation and maintenance arrangements.
- Present other facts necessary to justify federal participation in project development.

The following table shows actual and projected progress in watershed planning and its relationship to project installation.

Explanation	1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
<u>Status of project planning:</u>				
Planning in process start of year.....	284	263	170	164
New authorizations during year.....	35	10	5	0
Completed plans during year.....	33	80	10	33
<u>Status of project operations:</u>				
Uncompleted projects start of year.....	717	728	732	733
Projects approved for operations.....	28	40	10	40
New construction starts...	43	0	0	0

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$1,184,000 in appropriation for Watershed Planning. On the basis of available funds there is a decrease of \$2,200,759 consisting of:

- (a) An increase of \$16,000 for space rental cost.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (b) A decrease of \$1,200,000 in Watershed Planning.

By not starting new watershed planning work in FY 1977 greater progress can be made in planning on the 164 plans already in various stages of completion.

Preparation of environmental assessments, environmental impact statements and need to fully implement the Water Resources Council's Principles and Standards have put a heavy added workload on SCS personnel.

(c) A decrease of \$1,016,759 for nonrecurring work in 1976.

The FY 1976 Budget estimate anticipates the use of \$1,016,759 carried from FY 1975 to complete work initiated in FY 1975. The FY 1977 program level is based on a program reduction equal to the FY 1975 carryover into FY 1976.



## STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1008) provides for cooperation between the federal government and the states and their political subdivisions in a program of watershed planning. The watershed planning work of the Department consists of assisting sponsoring local organizations develop their watershed plan on watersheds not exceeding 250,000 acres. The soil erosion, water and land management, and sedimentation problems in a watershed are described and works of improvement proposed to alleviate these problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans also include conservation land treatment needed to further the conservation, development, management, and utilization of land, water and related resources. Plans include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other information necessary to justify federal assistance for carrying out the plan.

### Developing Watershed Work Plans

Watershed project planning is a coordinated investigation of the physical, environmental, social, and economic conditions specific to a particular watershed. Planning also includes analyses of alternative solutions to watershed problems to find the actions most suitable to local needs.

Planning may disclose that a watershed project would provide substantial flood prevention or agricultural water management benefits and opportunity for conservation, development, management and utilization of land, water and related resources. Plans may include purposes such as municipal and industrial water supply, recreation, fish and wildlife, groundwater recharge, water quality management, control of agriculture-related pollution and disposal of solid wastes.

Watershed planning involves soil conservationists, economists, hydrologists, geologists, foresters, and engineers. They are supported by specialists in soil science, biology, plant technology, and recreation. Interested federal, state, and local agencies and the general public are given an opportunity and are encouraged to participate in and contribute to the planning process. This assures that works of improvement included in work plans are in harmony with other projects and programs. Each watershed is planned to meet local objectives and to be compatible with regional and national goals. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Environmental assessments are made by the Soil Conservation Service and others on each watershed being planned. These assessments are integrated into the planning process at the earliest possible stage. Environmental statements are submitted for review and comment to local, state, and federal agencies and are available to the general public. This provides an opportunity to obtain formal comments from a wide range of interests in the environmental evaluation of each project during planning.

### Program Assignments

The Soil Conservation Service has general responsibility for administration of watershed planning work authorized by the Watershed Protection and Flood Prevention Act.

The Forest Service is responsible for planning the forestry measures for National Forest lands and for fire prevention forestry measures on non-federal forest lands in the watersheds. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects.

The following table shows the amount of funds obligated for small watershed project investigations and planning in 1975 and estimates for 1976, 1976 transition quarter, and 1977 by allocation account agencies:

	1975 Obligations	1976 Estimate	1976 Trans. Qtr. Estimate	1977 Estimate
Soil Conservation Service..	\$10,567,015	\$11,513,759	\$2,620,000	\$9,369,000
Economic Research Service..	54,337	15,000	8,000	31,000
Forest Service.....	655,694	684,000	171,000	612,000
Total.....	\$11,277,046	\$12,212,759	\$2,799,000	\$10,012,000

In addition to those agencies receiving allocations, other Federal agencies are reimbursed for services as needed. The Department of the Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds when needed to plan watershed measures for Federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U.S. Geological Survey of the Department of the Interior provide precipitation and runoff data.

Selected Examples of Recent Progress: During fiscal year 1975, the Department received 23 state-approved applications for watershed planning assistance from local sponsors of proposed small watershed projects. Local sponsors withdrew 15 applications during the year. The 2,910 applications for watershed planning assistance on hand on June 30, 1975, covered 226,674,300 acres in the 50 states and Puerto Rico. During fiscal year 1975, 35 applications were approved for planning assistance. Since inception of the program, 1,721 applications have been approved for planning. Watershed plans had been completed on 1,145 of these watersheds as of June 30, 1975. Planning had been suspended or terminated on 313 other watersheds. Suspensions and terminations were at the request of sponsoring local organizations or was with their concurrence when it became evident that planning activity would be significantly delayed due to local problems or the project could no longer be justified. As of June 30, 1975, there were 488 unprocessed applications for watershed planning assistance.

The following table shows applications received and actual and projected progress in planning small watershed projects:

Activity	1975 Estimate	1976 Estimate	1976 Trans. Qtr. Estimate	1977 Estimate
1. Applications for planning assistance:				
On hand, cumulative, start of year...	2,904	2,910	2,920	2,922
Net change during year.....	8	10	2	10
On hand, cumulative, June 30.....	2,910	2,920	2,922	2,932



Activity	1975	1976	1976	1977
	Actual	Estimate	Trans. Qtr. Estimate	Estimate
Consisting of:				
a. Unprocessed applications (backlog).....	488	488	485	475
b. Not suitable for planning..	701	701	701	701
c. Authorized for planning....	1,721	1,731	1,736	1,756
2. <u>Status of planning:</u>				
Authorized, cumulative, start of year.....	1,686	1,721	1,731	1,736
LESS:				
Suspended or terminated, cumula- tive, start of year.....	290	313	336	337
Completed, cumulative, start of year.....	1,112	1,145	1,225	1,235
Planning in process start of year	284	263	170	164
 New authorizations during year...	35	10	5	-
Authorized planning in process during year.....	319	273	175	164
LESS:				
Suspended or terminated during year.....	23	23	1	22
Completions during year.....	23	80	10	33
Planning in process, end of year	263	170	164	109

#### Watershed Planning Progress by State

Following is a table showing by state the number of applications received in Washington, D.C., the number authorized for planning assistance and the number of work plans completed as of June 30, 1975:

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Alabama	62	4,289.2	41	2,919.2	29	1,893.7
Alaska	2	204.8	0	0	0	0
Arizona	32	3,298.6	17	1,922.7	13	1,154.4
Arkansas	109	8,782.4	75	6,336.0	52	3,023.4
California	79	5,568.8	47	3,182.1	21	909.4
Colorado	59	5,151.0	31	2,138.1	16	967.4
Connecticut	22	358.6	16	287.6	8	139.6
Delaware	6	357.8	4	281.9	4	281.9
Florida	77	5,177.4	33	2,381.2	20	1,230.9
Georgia	153	10,536.3	75	5,270.3	61	3,839.2
Hawaii	12	544.2	10	519.4	6	282.7
Idaho	48	5,123.9	17	1,365.5	6	303.1
Illinois	68	4,099.2	41	2,329.8	20	991.8
Indiana	111	8,630.5	55	4,238.8	32	2,100.8
Iowa	97	3,002.7	53	1,094.1	44	816.6
Kansas	97	10,977.4	68	7,209.4	43	3,958.0
Kentucky	60	3,727.1	44	2,861.7	31	2,141.4
Louisiana	72	8,247.7	51	6,059.2	35	4,249.5
Maine	27	2,022.1	16	1,044.1	9	427.1
Maryland	39	1,618.7	29	948.3	17	275.7
Massachusetts	23	1,013.4	16	603.5	10	457.3

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Michigan	44	2,807.4	25	1,211.5	19	708.6
Minnesota	44	3,493.1	27	2,324.6	16	1,224.5
Mississippi	90	7,029.7	67	5,270.2	49	3,587.8
Missouri	83	7,010.9	33	2,389.1	18	736.9
Montana	50	3,667.7	24	1,280.5	12	384.1
Nebraska	83	7,053.8	57	3,804.3	41	2,432.4
Nevada	30	3,678.7	15	2,060.2	5	388.1
New Hampshire	14	1,041.3	12	1,021.4	6	455.3
New Jersey	24	457.4	17	376.3	12	252.6
New Mexico	80	7,927.6	39	3,246.4	25	1,413.0
New York	38	2,063.1	21	1,175.6	13	663.1
North Carolina	77	5,147.8	59	3,294.9	42	1,726.2
North Dakota	43	6,486.1	29	4,535.8	18	2,518.4
Ohio	72	7,290.0	23	2,023.9	14	944.5
Oklahoma	110	11,657.6	72	7,517.7	60	5,973.8
Oregon	58	5,820.0	23	2,098.3	15	966.5
Pennsylvania	48	2,323.5	31	1,817.0	24	1,145.0
Puerto Rico	6	342.7	5	292.8	3	252.0
Rhode Island	2	104.2	2	104.2	0	0
South Carolina	55	2,795.5	46	2,466.3	36	1,384.8
South Dakota	28	2,426.9	21	1,574.4	13	516.7
Tennessee	88	4,331.5	51	2,455.6	34	1,354.1
Texas	163	17,390.8	104	11,136.8	80	8,401.8
Utah	38	4,367.4	21	2,211.1	12	1,305.7
Vermont	9	717.8	8	699.9	4	62.9
Virginia	70	3,127.0	35	1,877.9	27	1,421.0
Washington	50	2,891.3	22	978.0	12	253.6
West Virginia	56	2,154.0	34	1,056.7	22	590.8
Wisconsin	55	2,928.1	36	2,173.1	24	1,148.5
Wyoming	47	5,409.2	23	1,921.6	12	578.1
TOTALS	2,910	226,674.3	1,721	127,390.0	1,145	72,234.7

#### Sharing Watershed Planning Costs

Watershed planning staffs are available to assist local organizations in all states except Alaska. Planning services are provided in Rhode Island, Vermont and Delaware by the planning staffs headquartered in Connecticut, New Hampshire and Maryland, respectively. A number of states that are undertaking river basin surveys under authority of Section 6 of Public Law 566 have integrated their regular watershed planning staff with the river basin survey staff. This permits efficient use of technical personnel to accomplish both activities. The size of the planning staffs varies according to the workload in each state. Watershed planning funds averaged approximately \$181,500 per state in 1975, ranging from about \$5,000 to \$366,000.

In fiscal year 1975, state legislatures and other local organized units in 40 states and Puerto Rico appropriated or otherwise provided about \$4.2 million to finance watershed planning activities. This local input was through advances, reimbursements, state-controlled watershed planning parties, or personnel provided by the states to work with Service watershed planning staffs.

Considering the influence of recent legislation, and recent efforts to improve planning efficiency, the current total cost per watershed plan is estimated at \$165,000 of which \$125,000 is federal. About 10 man-years of federal employment are required per plan.





Flooding of rural residence and agricultural lands in Gum Neck, North Carolina. Floodwater retarding structures such as the one in Bogue Creek Watershed, Mississippi, are planned to control the flow of water.







Gabion installations and log stepdown form deep pools for better fish habitat.



Gabions prevent serious erosion of streambanks.





Watershed planning funds obligated and man-years in 1975 by state were:

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>	<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
Alabama	267,730	12	Nebraska	509,421	18
Alaska	10,861	-	Nevada	5,159	-
Arizona	155,925	6	New Hampshire	112,117	5
Arkansas	358,807	11	New Jersey	121,011	5
California	176,274	9	New Mexico	182,089	8
Colorado	180,524	8	New York	195,139	9
Connecticut	129,507	5	North Carolina	224,091	9
Delaware	10,240	-	North Dakota	109,350	4
District of Columbia	777,858	26	Ohio	205,334	9
Florida	124,857	6	Oklahoma	283,006	12
Georgia	289,647	11	Oregon	477,559	16
Hawaii	65,336	3	Pennsylvania	466,947	17
Idaho	30,642	2	Puerto Rico	52,347	5
Illinois	215,120	4	Rhode Island	34,732	1
Indiana	276,280	9	South Carolina	160,961	8
Iowa	176,500	6	South Dakota	153,694	7
Kansas	317,430	11	Tennessee	229,739	8
Kentucky	149,000	5	Texas	648,794	27
Louisiana	249,877	14	Utah	305,867	8
Maine	103,870	4	Vermont	20,106	-
Maryland	282,173	8	Virginia	243,016	11
Massachusetts	124,797	7	Washington	185,231	7
Michigan	138,228	6	West Virginia	299,895	10
Minnesota	231,778	8	Wisconsin	210,966	9
Mississippi	366,111	10	Wyoming	164,643	5
Missouri	309,793	11	Undistributed	49,610	-
Montana	107,057	5			
			Total Watershed		
			Planning	\$11,277,046	425

#### Multiple-Purpose Projects Increasing

Although watershed protection and flood prevention remain dominant objectives of the watershed program, multiple-purpose projects have increased from 21% in 1957 to 54% in 1975. Multiple-purpose projects include at least one additional feature such as water supply, recreation, and fish and wildlife development. The trend toward multiple-purpose projects resulted from the amendments to Public Law 566 which have broadened the scope of activities and added new authorities to the program.









Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Operations Sec. 216	Small Watersheds Authorized by PL-566	Total Watershed and Flood Prevention Operations
Appropriation Act, 1976 .	\$25,605,000	\$53,309,000	\$120,504,000	\$199,418,000
Budget Estimate, 1977 ...	<u>19,572,000</u>	<u>300,000</u>	<u>115,391,000</u>	<u>135,263,000</u>
Decrease in Appropriation	<u>-6,033,000</u>	<u>-53,009,000</u>	<u>-5,113,000</u>	<u>-64,155,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of appropriation)

	<u>1976</u>	<u>Increase or Decrease</u>	<u>1977 Estimate</u>
1. Watershed operations authorized by PL-534:			
(a) Planning .....	\$ 1,408,000	\$ -282,000	\$ 1,126,000
(b) Technical assistance .....	12,879,000	-2,393,000	10,486,000
(c) Financial assistance for construc- tion:			
Direct federal contracting .....	10,904,000	-3,309,000	7,595,000
(d) Loan services .....	<u>192,000</u>	<u>-45,000</u>	<u>147,000</u>
Subtotal, flood prevention .....	<u>25,383,000</u>	<u>-6,029,000</u>	<u>19,354,000</u>
2. Emergency operations authorized by Section 216 .....	53,309,000	-53,009,000	300,000
3. Small watersheds authorized by PL-566:			
(a) Technical assistance .....	43,764,000	-4,064,000	39,700,000
(b) Federal assistance for construction:			
Direct federal contracting .....	21,280,000	-380,000	20,900,000
Contracting by sponsoring local organizations .....	<u>53,831,000</u>	<u>-706,000</u>	<u>53,125,000</u>
(c) Loan services .....	<u>348,000</u>	<u>-31,000</u>	<u>317,000</u>
Subtotal, small watershed operations .....	<u>119,223,000</u>	<u>-5,181,000</u>	<u>114,042,000</u>
GSA space rental costs .....	<u>1,503,000</u>	<u>+64,000</u>	<u>1,567,000</u>
Total available .....	<u>199,418,000</u>	<u>-64,155,000</u>	<u>135,263,000</u>

PROJECT STATEMENT  
(on basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
1. Watershed operations authorized by PL-534:				
(a) Planning .....	\$ 1,250,000	\$ 1,500,000	\$ -340,000	\$ 1,160,000
(b) Technical assistance..	11,137,000	13,750,000	-3,180,000	10,570,000
(c) Financial assistance for construction:				
Direct federal con- tracting .....	8,569,000	10,163,000	-2,468,000	7,695,000
(d) Loan services .....	<u>189,000</u>	<u>192,000</u>	<u>-45,000</u>	<u>147,000</u>
Subtotal, flood pre- vention .....	<u>21,145,000</u>	<u>25,605,000</u>	<u>-6,033,000(1)</u>	<u>19,572,000</u>
2. Emergency operations au- thorized by Section 216 ...	300,000	53,309,000	-53,009,000(2)	300,000

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
3. Small watershed operations authorized by PL-566:				
(a) Technical assistance..	\$41,000,000	\$39,156,000	\$+2,128,000	\$41,284,000
(b) Federal assistance for construction:				
Direct federal contracting .....	17,800,000	23,409,000	-2,258,000	21,151,000
Contracting by sponsoring local organizations .....	43,938,000	57,591,000	-4,952,000	52,639,000
(c) Loan services .....	344,000	348,000	-31,000	317,000
Subtotal, small watershed operations .....	103,082,000	120,504,000	-5,113,000(3)	115,391,000
Total, appropriations .....	124,527,000	199,418,000	-64,155,000	135,263,000

PROJECT STATEMENT  
(On basis of available funds)

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
1. Watershed operations authorized by PL-534:				
(a) Planning .....	\$ 525,759	\$ 1,458,000	\$ +20,000	\$ 1,478,000
(b) Technical assistance ..	13,363,718	13,340,000	-915,000	12,425,000
(c) Financial assistance for construction:				
Direct federal contracting .....	8,534,643	18,856,129	-13,334,129	5,522,000
(d) Loan services .....	189,000	192,000	-45,000	147,000
Subtotal, flood prevention .....	22,613,120	33,846,129	-14,274,129(1)	19,572,000
2. Emergency operations authorized by Section 216 .....	22,278,192	44,261,684	-37,961,684(2)	6,300,000
3. Small watershed operations authorized by PL-566:				
(a) Technical assistance ..	40,064,043	44,904,359	-4,107,359	40,797,000
(b) Federal assistance for construction:				
Direct federal contracting .....	20,682,243	22,452,000	-1,301,000	21,151,000
Contracting by sponsoring local organization .....	52,318,630	57,658,000	-4,532,000	53,126,000
(c) Loan services .....	344,000	348,000	-31,000	317,000
Subtotal, small watershed operations .....	113,408,916	125,362,359	-9,971,359(3)	115,391,000
Total direct obligations .....	158,300,228	203,470,172	-62,207,172	141,263,000
Unobligated balances brought forward .....	(-55,825,400)	(-22,052,172)	(+18,000,000)(2)	(-6,000,000)
Unobligated balance carried forward .....	(+22,052,172)	(+18,000,000)	(+19,947,828)(2)	--
Total appropriation .....	(124,527,000)	(199,418,000)	(-64,155,000)	(135,263,000)
Reimbursable Obligations:				
1. Watershed operations authorized by PL-534:				
(a) Technical assistance..	21,639	64,000	--	64,000
(b) Financial assistance for construction:				

Project	1975	1976 (estimated)	Increases or Decreases	1977 (estimated)
Direct federal con- tracting .....	\$ 48,314	\$ 136,000	\$ --	\$ 136,000
Subtotal, flood pre- vention .....	69,953	200,000	--	200,000
2. Emergency operations authorized by Section 216	9,782	--	--	--
3. Small watersheds authorized by PL-566:				
(a) Technical assistance.	440,095	532,000	--	532,000
(b) Financial assistance for construction:				
Direct federal con- tracting .....	1,137,680	1,368,000	--	1,368,000
Contracting by spon- soring local organi- zations .....	43			
Subtotal small water- sheds.....	1,577,818	1,900,000	--	1,900,000
Total reimbursable obliga- tions .....	1,657,553	2,100,000	--	2,100,000
Total obligations .....	159,957,781	205,570,172	-62,207,172	143,363,000

#### SOURCES OF REIMBURSEMENTS

##### Within USDA:

From within agency accounts .....	231,290	440,000	--	440,000
From other USDA agencies	516	48,000	--	48,000
Other federal sources .....	13,186	12,000	--	12,000
None federal sources .....	1,412,561	1,600,000	--	1,600,000
Total reimbursements ....	1,657,553	2,100,000	--	2,100,000

#### OUTLAYS

1. Watershed operations authorized by PL-534:				
(a) Planning .....	503,178	1,454,000	-17,000	1,437,000
(b) Technical assistance	12,815,995	13,308,000	-223,000	13,085,000
(c) Financial assistance for construction:				
Direct federal con- tracting .....	8,184,175	10,338,000	+4,299,000	14,637,000
(d) Loan Services .....	191,470	192,000	-45,000	147,000
Total flood prevention ....	21,694,818	25,292,000	+4,014,000	29,306,000
2. Emergency operations authorized by Section 216 .....	20,424,384	30,698,000	-14,723,000	15,975,000
3. Small watershed operations authorized by PL-566:				
(a) Technical assistance	35,916,572	44,826,000	-2,945,000	41,881,000
(b) Financial assistance for construction:				
Direct federal con- tracting .....	18,551,320	21,225,000	-218,000	21,007,000
Contracting by spon- soring local organi- zations .....	46,905,442	47,386,000	+5,366,000	52,752,000

OUTLAYS-(continued)

<u>Project</u>	<u>1975</u>	<u>1976</u> <u>(estimated)</u>	<u>Increases</u> <u>or Decreases</u>	<u>1977</u> <u>(estimated)</u>
(c) Loan services ....	\$ 648,990	\$ 348,000	\$ -31,000	\$ 317,000
Total small watershed operations .....	102,022,324	113,785,000	+2,172,000	115,957,000
Total outlays .....	144,141,526	169,775,000	-8,537,000	161,238,000

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act as amended (16 U.S.C. 1001-1005, 1007-1008) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) which relate to installation of individual watershed projects, flood protection subwatershed projects, and emergency watershed protection. Activities include:

Watershed Operations Authorized by PL-534

The planning criteria, economic justifications, local sponsorship requirements cost-sharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program.

The Department helps install watershed improvement measures to prevent floods, reduce flood water, sedimentation, and erosion damages; further the conservation, development, utilization and disposal of water; further the conservation and proper utilization of land, and other measures, incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

<u>Subwatersheds Status</u>	<u>1975</u>	<u>1976</u>	<u>T.Q.</u>	<u>1977</u>
In construction	140	137	132	131
Completed	159	162	167	168
Not started	101	101	101	101
Total Subwatersheds	400	400	400	400

Emergency Operations Authorized by Section 216

Section 216 authorizes the expenditure of not to exceed \$300,000 each fiscal year for such emergencies for runoff retardation and soil erosion prevention as may be needed to safeguard life and property from floods and the products of erosion on any watershed whenever flood, fire or any other natural element causes a sudden impairment of the watershed. The Department administers the program by providing technical assistance and arranging with local contractors to do most of the required installation measures.

Small Watershed Operations Authorized by PL-566

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

The following table shows the status of PL-566 watershed projects.

<u>Status of Operational Projects</u>	<u>1975</u>	<u>1976</u>	<u>T.Q.</u>	<u>1977</u>
Projects in pre-construction	128	139	142	174
Projects under construction	490	499	468	459
Projects construction completed	41	35	35	35
Projects completed	379	396	432	441
Projects not requiring funds	86	95	97	105
Total operational projects	1,124	1,164	1,174	1,214

Distribution of Funds for Watershed Operations Authorized by PL-534, by Project

The following tables show obligations in 1975 and estimated obligations in 1976 and 1977 in the authorized flood prevention projects (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1975 Obligations	Brought Forward from 1975	1976 Appropriation (adjusted)	Estimated Obligations 1976	Estimated Obligations 1977
Colorado (Middle), Texas.....	\$ 1,216,742	\$ 220,765	\$ 1,779,000	\$ 1,999,765	\$ 1,131,000
Coosa, Georgia, Tennessee.....	139,083	15,091	700,741	715,832	103,000
Little Sioux, Iowa.....	1,103,971	397,947	1,186,164	1,584,111	948,000
Little Tallahatchie, Mississippi..	1,738,216	17,404	1,497,952	1,515,356	1,261,000
Los Angeles, California.....	1,504,355	386,696	1,425,824	1,812,520	1,175,000
Potomac, Maryland, Pennsylvania, Virginia, West Virginia.....	1,345,413	5,836,710	3,146,407	8,983,117	3,147,000
Santa Ynez, California.....	808,951	885,592	1,248,053	2,133,645	500,000
Trinity, Texas.....	4,726,635	179,284	4,756,552	4,935,836	3,676,000
Washita, Oklahoma, Texas.....	3,914,931	59,325	4,114,233	4,173,558	2,589,000
Yazoo, Mississippi.....	5,925,823	242,315	5,558,074	5,800,389	4,895,000
Subtotal, Authorized Projects	22,424,120	8,241,129	25,413,000	33,654,129	19,425,000
Loan Services.....	189,000	--	192,000	192,000	147,000
Total, Flood Prevention Projects	22,613,120	8,241,129	25,605,000	33,846,129	19,572,000



JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease in appropriation of \$6,033,000 for watershed operations authorized by PL-534. On the basis of available funds, there will be a decrease of \$14,274,129 consisting of:
  - (a) A decrease in technical services of \$891,000.
  - (b) A decrease of \$4,000 for GSA space rental costs.
  - (c) Reduction of direct federal contracting of \$13,334,129.
  - (d) Reduction in loan services of \$45,000.
- (2) A decrease of \$53,009,000 for nonrecurring Emergency Operations Section 216 funds appropriated in fiscal year 1976. The budget provides that \$12,000,000 of emergency funds be deferred to become available in the transition quarter and \$6,000,000 to be carried forward into FY 1977.
- (3) A decrease in appropriation of \$5,113,000 for small watershed operations authorized by PL-566. On the basis of available funds there will be a decrease of \$9,971,359 consisting of:
  - (a) A decrease in technical assistance of \$4,175,359.
  - (b) An increase of \$68,000 for GSA space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (c) Reduction of direct federal contracting of \$1,301,000
- (d) Reduction of contracting by local sponsoring organizations of \$4,532,000
- (e) Reduction in loan services of \$31,000.

The 1977 program level of \$135,263,000 for the Watershed and Flood Prevention Program is \$11,146,000 less than the fiscal year 1976 approved appropriation. If in 1976 and the transition quarter all available funds are not obligated, they will automatically be carried forward and added to the 1977 appropriation. There was a \$10 million Congressional add on for new construction starts in FY 1976. There will be no new construction starts in FY 1977. In every other respect the FY 1977 program will be the same as the FY 1976 program.

## STATUS OF PROGRAM

Watershed operations authorized by Public Law 534, as amended and supplemented, provides for installation of (1) mainstream works of improvement for the control of floods, for which the Department of the Army is responsible, and (2) watershed improvement measures to prevent floods; reduce floodwater, sedimentation, and erosion damages; and further the conservation, development, utilization, and disposal of water, and the conservation and proper utilization of land for which the Department of Agriculture is responsible. Flood prevention work is authorized in the eleven watersheds designated in the Flood Control Act of December 22, 1974, as amended and supplemented.

Emergency measures are funded under Section 216 of the Flood Control Act of 1950. Not to exceed \$300,000 of the amount appropriated for Flood Prevention may be expended each fiscal year for emergency measures when a fire, flood or any other natural element or force has caused a sudden impairment of a watershed. Any balances not needed for these purposes are distributed late in the fiscal year to watersheds where the greatest need exists and where the local sponsoring organizations have provided lands, easements, and rights-of-way required for installation of additional works of improvement.

Small Watersheds authorized by Public Law 566, Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1008), provides for cooperation between the federal government and the states and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds of rivers and streams; to further the conservation, development, utilization and disposal of water; and to further the conservation and proper utilization of land.

The Flood Prevention and the Watershed Protection programs have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations and other policies and procedures used in Flood Prevention projects have been adjusted to generally parallel those used in Watershed Protection projects.

### Assistance Furnished

Assistance furnished under this appropriation consists of the following:

1. Technical and financial assistance for construction includes:

- a. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for approval of assistance in the development of Flood Prevention subwatersheds or watershed projects. The Department furnishes land owners and operators technical assistance to accelerate the planning and application of land treatment measures which help achieve project objectives. This assistance is in addition to that received under other conservation programs. Certain types of land treatment measures are required to be installed to achieve justified off-site flood prevention benefits. As such measures provide small, or long-deferred benefits to the landowner, he cannot be expected to bear the entire installation cost.

In PL-534 Flood Prevention projects, the federal government may pay part or all of the cost of installing some land treatment measures. Measures currently eligible for this type of financial assistance include those for intensified fire protection, stabilization of critical areas, minor gully, streambank and grade stabilization structures, and other on-farm measures, which may be used in lieu of downstream flood prevention structures. The Department may furnish vegetative planting and other materials to land

owners for establishment of essential measures. Work may be contracted or carried out through force account procedures.

In PL-566 watersheds the cost of applying such measures may be paid for in part by the Department. Authority for such assistance is provided in Section 3 of the Watershed Protection and Flood Prevention Act. The rate of financial assistance on such special measures may not exceed the rate of assistance for similar practices under other conservation programs of the Department. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the federal government to the local sponsoring organizations as the land treatment measures are installed.

- b. Structural measures: Structural measures such as floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, water storage structures, and others are integral parts of watershed protection. Detailed construction plans, designs and specifications are prepared for these measures by the Department or by private engineers employed by the local sponsoring organization or the Department.

The federal government provides all construction funds for structural measures for flood prevention and an equitable share of the cost of installing works of improvement for agricultural water management, and fish and wildlife or recreational development. The latter includes the cost of minimum basic facilities for public health and safety and access to recreational areas. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements and rights-of-way for all structural measures. However, up to one half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-534 or PL-566 funds. In PL-566 watersheds, local organizations must also administer construction contracts, unless they request SCS to do the contracting. Local organizations must also operate and maintain the completed works of improvement on non-federal lands.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way to prevent encroachment by other developments. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction starts.

In PL-534 subwatersheds, the Department usually does the contracting. In PL-566 watersheds, funds for installation of planned structural measures on non-federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on federal lands which they administer.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the federal government or by the local organizations with advances or reimbursement from the federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of minimum basic facilities for public fish and wildlife and recreational development.

- 2. Detailed subwatershed work plans are prepared for PL-534 flood prevention projects in cooperation with soil conservation districts and other local



sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what has been or is planned to be done to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

3. Program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed.
4. Loans and loan services to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Farmers Home Administration. Loan services are financed from the Watershed and Flood Prevention Operations appropriation.
5. Emergency measures: This authority permits installation of emergency measures for immediate protection of life or property from flooding, erosion, or sedimentation damage until long-range practices can become effective. Emergency work includes but is not limited to establishing quick vegetative cover on denuded land, the sloping of steep and eroding banks, opening dangerously restricted channels, constructing diversions and levees and other emergency work. This work is done to the extent funds are available. Prompt action to alleviate hazardous watershed conditions is essential if maximum benefits are to be realized from the emergency work. Flooding or wind erosion can cause extensive damage to impaired watersheds which are left unprotected. The Soil Conservation Service administers the program, provides technical assistance and arranges with local contractors to do the installation work. The Forest Service is responsible for installing measures on the national forest reserve.

#### Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Acts. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-federal land and on federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on National Forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through state and local agencies, for the installation of planned forestry measures on other lands within the projects.

The Forest Service does emergency work on lands it administers and on lands adjacent to Forest Service land which they administer under formal agreement. Funds are made available to the Forest Service from this appropriation.

The Economic Research Service makes special economic analyses of watershed or sub-watershed projects.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations. The Department allocates watershed protection and flood prevention funds to the Farmers Home Administration for "loan services" because such expenses may not be paid from the Agricultural Credit Insurance Fund of the FmHA.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs

participate in the installation of works of improvement on lands under their jurisdiction.

The following table shows the funds obligated for PL-534 watershed operations, emergency operations and PL-566 small watersheds in FY 1975 and estimates for FY 1976 and FY 1977 under allotments and allocations to cooperating agencies. (Excludes loan funds.)

Agency and Item	1975 Obligations	1976 Estimate	1977 Estimate
PL-534 Watershed Operations:			
Soil Conservation Service.....	\$ 18,093,893	\$ 28,927,217	\$ 16,096,000
Economic Research Service.....	50,798	46,216	38,000
Forest Service.....	4,279,429	4,680,696	3,291,000
Farmers Home Administration....	189,000	192,000	147,000
Total PL-534, Watershed Operations.....	22,613,120	33,846,129	19,572,000
Emergency Operations:			
Soil Conservation Service.....	18,313,285	36,038,171	6,300,000
Forest Service.....	3,964,907	8,223,513	--
Total Emergency Operations.....	22,278,192	44,261,684	6,300,000
PL-566 Small Watersheds:			
Soil Conservation Service.....	111,833,762	123,580,140	113,866,000
Economic Research Service.....	123,767	112,219	108,000
Forest Service.....	1,107,387	1,322,000	1,100,000
Farmers Home Administration....	344,000	348,000	317,000
Total PL-566 Small Watersheds	\$113,408,916	\$125,362,359	\$115,391,000

#### Watershed Operations Authorized by PL-534 (Flood Prevention Operations)

Because the authorized flood prevention projects include relatively large areas, work plans are developed on a subwatershed basis. As of June 30, 1975, the total planning job was about 75 percent completed, with 311 work plans completed that include 21,696,376 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area Acres	Subwatershed and other areas with planning potential No.	Subwatershed and other areas with planning potential Acres	Subwatershed and other work plans prepared to 6/30/75 No.	Subwatershed and other work plans prepared to 6/30/75 Acres
Buffalo Creek a/ .....	279,680	3	279,680	3	279,680
Colorado (Middle) .....	4,613,120	17	4,357,000	16	3,442,656
Coosa .....	1,339,400	16	1,339,400	16	1,273,158
Little Sioux .....	1,740,800	130	402,330	88	256,632
Little Tallahatchie .....	963,977	18	562,876 b/	18	562,876
Los Angeles .....	536,960	13	301,731 c/	13	301,731
Potomac .....	4,205,400	23	2,568,729	15	1,319,508
Santa Ynez .....	576,000	6	368,550 d/	6	368,550
Trinity .....	8,424,260	40	7,085,320	28	6,348,464
Washita .....	5,095,040	60	5,095,040	56	4,691,072
Yazoo .....	3,942,197	74	3,746,379 c/	52	2,852,049
Total .....	31,716,834	400	26,107,035	311	21,696,376

a/ The Buffalo Creek Watershed was completed and closed in 1964.

b/ Excludes 96,501 acres of Sardis Reservoir area, and 304,000 acres in minor watersheds needing only land treatment measures.



c/ Include National Forest and other lands, for which the Forest Service has been assigned program responsibility.

d/ Excludes 195,818 acres of reservoir area.

The estimated Federal cost for each watershed adjusted to reflect installation of fish and wildlife and recreational developments and future water supplies under provisions of recent amendments to the Watershed Protection and Flood Prevention Act (76 Stat. 608-610) and total Federal obligations through FY 1975 are:

Flood Prevention Project	: Estimated Total : Federal Cost 1/	: Total Obligations : June 30, 1975
Buffalo Creek Watershed, New York (Complete) ...	\$ 4,615,182	\$ 4,615,182
Middle Colorado River Watershed, Texas .....	53,092,000	34,100,252
Coosa River Watershed, Georgia and Tennessee ...	17,802,000	15,601,595
Little Sioux River Watershed, Iowa .....	54,269,000	25,828,083
Little Tallahatchie River Watershed, Mississippi .....	30,222,000	29,359,421
Los Angeles River Watershed, California .....	78,298,000	38,215,350
Potomac River Watershed, Maryland, Pennsylvania, Virginia, West Virginia .....	45,920,000	36,989,375
Santa Ynez River Watershed, California .....	16,279,000	10,784,676
Trinity River Watershed, Texas .....	141,787,000	91,609,913
Washita River Watershed, Oklahoma and Texas ....	99,587,000	93,958,210
Yazoo River Watershed, Mississippi .....	105,194,000	83,391,192
Total .....	\$647,065,182	\$464,004,249
1/ Based on 1973 prices.	:	:

Distribution of Funds for Watershed Operations Authorized by PL-534, by Agency and Project

The following tables show obligations in 1975 and estimates for 1976 and 1977 for each of the operating watersheds (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1975 Obligations	Brought Forward from 1975	1976 Appropriation (adjusted)	Estimated Obligations 1976	Budget Estimate 1977
<u>SOIL CONSERVATION SERVICE</u>					
Colorado (Middle), Texas.....	1,216,742	220,765	1,779,000	1,999,765	1,131,000
Coosa, Georgia, Tennessee.....	130,030	15,091	694,000	709,091	98,000
Little Sioux, Iowa.....	1,080,707	397,947	1,162,000	1,559,947	928,000
Little Tallahatchie, Mississippi.	1,335,841	17,404	1,133,000	1,150,404	982,000
Los Angeles, California.....	--	386,696	--	--	--
Potomac, Maryland, Pennsylvania, Virginia, West Virginia.....	1,070,185	5,836,710	2,861,000	8,697,710	2,935,000
Santa Ynez, California.....	162,320	885,592	500,000	1,385,592	--
Trinity, Texas.....	4,660,080	179,284	4,688,000	4,867,284	3,626,000
Washita, Oklahoma, Texas.....	3,795,458	59,325	4,002,784	4,062,109	2,501,000
Yazoo, Mississippi.....	4,642,530	242,315	4,253,000	4,495,315	3,895,000

Subtotal, flood prevention projects, Soil Conservation Service.....

	18,093,893	8,241,129	21,072,784	28,927,217	16,096,000
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Works of improvement (evaluation studies of economic impact of project), ERS:

Washita, Oklahoma, Texas.....	50,798	--	46,216	46,216	38,000
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1/ \$386,696 to be made available to the Forest Service

Distribution of Funds for Watershed Operations Authorized by PL-534, by Agency and Project - (Continued)

Flood Prevention Projects	1975 Obligations	Brought Forward from 1975	1976 Appropriation (adjusted)	Estimated Obligations 1976	Budget Estimate 1977
FOREST SERVICE					
Colorado (Middle), Texas.....	--	--	--	--	--
Coosa, Georgia, Tennessee.....	9,053	--	6,741	6,741	5,000
Little Sioux, Iowa.....	23,264	--	24,164	24,164	20,000
Little Tallahatchie, Mississippi.	402,375	--	364,952	364,952	279,000
Los Angeles, California.....	1,504,355	--	1,425,824	1,812,520 1/	1,175,000
Potomac, Maryland, Pennsylvania, Virginia, West Virginia.....	275,228	--	285,407	285,407	212,000
Santa Ynez, California.....	646,631	--	748,053	748,053	500,000
Trinity, Texas.....	66,555	--	68,552	68,552	50,000
Washita, Oklahoma, Texas.....	68,675	--	65,233	65,233	50,000
Yazoo, Mississippi.....	1,283,293	--	1,305,074	1,305,074	1,000,000
Subtotal, flood prevention projects, Forest Service.....	4,279,429	--	4,294,000	4,680,696	3,291,000
FARMERS HOME ADMINISTRATION					
Loan services for flood prevention projects, Farmers Home Adminis- tration.....	189,000	--	192,000	192,000	147,000
Total, flood prevention projects.	22,613,120	8,241,129	25,605,000	33,846,129	19,572,000

1/ \$386,696 to be made available to the Forest Service



### Project Installations Providing Protection

The works of improvement installed in flood prevention projects are effective in reducing floodwater erosion, and sediment damages as evidenced by the following examples:

#### Washita River Watershed, Oklahoma and Texas

The Washita River watershed includes 64 tributaries. Floodwater and sediment damages on 265,000 acres of bottom land, water supplies, and recreation needs throughout the basin were problems in this watershed. Treatment is needed on 112,000 acres along the mainstem of the Washita. Local watershed associations, and city councils with overall guidance provided by the Washita Flood Prevention Council, are working together to solve these problems. More than 85 percent of the land is privately owned, and tax-free restricted Indian land amounts to 9 percent. There are 30,392 acres in the Black Kettle National Grassland which is administered by the Forest Service. Work plans have been completed on 56 of the 64 subwatersheds and construction is underway on 55 of them.

Progress in Land Treatment - Basic plans have been developed on approximately 84 percent of the privately owned land on the Washita River watershed, and the Bureau of Indian Affairs has agreements for proper use and treatment of Indian lands. Basic farm plans are emphasized for all land within a treated watershed. Land treatment measures now protect much of the watershed and reduce sediment yields. Approximately 66 percent of the land is considered "adequately protected". Watershed funds in the amount of over \$1,000,000 were used to cost-share in the treatment of critical area during fiscal year 1975.

Progress in Structural Measures - The following structural measures have been completed or are under construction: 1,003 floodwater retarding structures; 19 multi-purpose structures including municipal water, recreation, fish and wildlife; 72 grade stabilization structures; treatment of 14 critical areas; 44 drop inlets; 46.6 miles of channel improvement; 27 gully plugs; 18 miles floodwater diversion; seven recreation developments and one fish and wildlife development. Thirty-eight of the planned and constructed single-purpose structures are in Texas. The estimated cost of planned measures is \$94,292,034 of which \$11,946,666 is local and \$82,345,368 is federal.

Flood Damage Reduction - During the spring of 1975, storms of 5-11 inches of rainfall occurred on many of the subwatersheds of the Washita River where construction is now complete or nearly complete. In all cases there was little to no flooding reported and all structures functioned as planned. There was no flooding of the Washita main stem during the fiscal year.

Municipal Water Supply - Multipurpose structures in the Washita River project are furnishing the water supply to urban and rural communities with combined population of 80,000 people. Due to high rainfall (17 inches plus) in June, all multi-purpose structures flowed through principal spillways. The multi-purpose structure for the city of Maysville (municipal, recreation, and flood prevention) is open for fishing.

#### Middle Colorado River Watershed - Texas

This project includes approximately 4,613,000 acres of the middle section of the Colorado River in Texas, delineated into 18 subwatershed areas for the purposes of work plan development. To date, work plans have been developed on 16 subwatersheds, having 3,422,636 acres. Local soil and water conservation districts, and in some instances county and city units of government are project sponsors. Floodwater and sediment damages to agricultural lands and non-agricultural properties are the principal problems. Practically all of the agricultural land is privately owned.

Progress in Land Treatment - There are 5,956 operating units, with 4,500,169 acres, in the watershed. Of these, 4,634 with 3,264,868 acres, are district cooperators. Conservation plans have been developed on units with 3,224,749 acres. Approximately 3,400,000 acres of proper grazing use, 1,560,000 acres of brush management,



In recent flood emergencies about half of the Section 216 funds were used to clean out clogged channels such as the one above. This prevents this debris from damaging cropland, roads, and houses during subsequent heavy rains.







Land and property damage, Catherine Creek--New York.



Emergency watershed protection funds were used to remove the debris and stabilize the streambank. This reduces the hazard to life and property which used to occur in this New York watershed during each major storm.



61,400,000 feet of terraces, and 900,000 acres of conservation cropping systems have been applied. Approximately 3,500,000 acres are adequately treated. Approximately 94 percent of the land treatment measures have been applied.

Progress in Structural Measures - Construction has been completed on 257 floodwater retarding structures, a multipurpose structure for recreation and one for municipal water supply and two miles of channel work. In addition, five structures are under construction. To date, Federal funds in the amount of \$32,649,262 have been expended for installation of structural measures and for accelerated technical assistance in planning and application of land treatment. There are 288 floodwater retarding structures and approximately 33 miles of channel work planned in 16 subwatersheds approved for operations. All structural measures have been completed in seven of the subwatersheds. Local sponsors in subwatersheds have obtained 1,046 of 1,071 needed easements at a cost of \$6,276,000.

Many benefits are being derived from the installed measures. Following is an example of the benefits within the subwatersheds.

Brady Creek Watershed - During the period September 19-27, 1964, 11 to 15 inches of rain fell in a portion of Brady Creek watershed. Several high intensity rainstorms occurred during this period. Landowners stated that the completed floodwater retarding structures and land treatment prevented extensive crop, land, fence, road, and bridge damage in the watershed.

High intensity rains in July 1971 did not cause flooding on Brady Creek, that storm was estimated to be equal to the 1938 storm which did so much damage to the City of Brady. In 1974, a high intensity rainstorm on Brady Creek did minimum damage to crops, roads, and fences because of the structures. The retention of water in the structures has increased the flow of Brady Creek, which aide crop production during a very dry year. The estimated benefits are \$100,000. Coleman County Judge estimated that \$30,000 in damages to fences, roads, and bridges were prevented. In August and September 1974 over 20 inches of rain fell in the Brady Creek watershed. There was no severe flooding from these high intensity rainstorms. Damage reduction benefits were estimated to be \$300,000.

#### Emergency Operations authorized by Section 216

Following a fire, tornado, flood, earthquake, or other natural force causing a sudden impairment to a watershed that poses a threat to the safety of life and property, local or state organizations may make requests for federal assistance to install emergency measures. An investigation is initiated to determine eligibility of the request and where eligible and to the extent that funds are available, the Department authorizes emergency measure work.

Section 216 of the Flood Control Act of 1950 authorizes an annual amount not to exceed \$300,000 be used for this purpose.

In recent years, there have been several large scale disasters of severe magnitude usually involving more than one state. Additional funds were provided for emergency assistance as follows:

<u>Fiscal Year</u>	<u>Supplemental Appropriation</u>	<u>Disaster Event</u>
1969	\$ 4,000,000	Forest fires in California, Nevada, and Washington, Oregon
1970	3,700,000	Hurricane Camille, Virginia
1973	16,500,000	Hurricane Agnes and Black Hills, South Dakota Flood
1973	20,000,000	Flooding in the Mississippi River Valley and adjacent areas
1974	22,500,000	Flooding in the Northwest, Northeast North Dakota, Mississippi River Valley and adjacent areas
1976	26,577,000	Heavy rains in the Middle Atlantic, North Central, North West areas and Mississippi River Valley.
1976	26,432,000	
1976	26,432,000	Hurricane Eloise and other storms of major magnitude in many areas of the country.



Emergency assistance has been provided to a wide variety of geographic areas and situations. Six burned areas were treated in California, Nevada, Washington, and Oregon in 1969. Emergency measures included seeding 80,600 acres of burned area; stabilization treatment of 232 miles of roads, trails, and firelines; construction of one temporary debris basin; clearing debris from and vegetating 5 miles of exposed stream channel; fertilizing 13,861 acres of emergency seeding; rodent control on 4,656 acres, seeding brush on 352 acres; and deferring grazing on 11,575 acres.

Following Hurricane Camille, contracts were awarded to remove obstructions and to restore the capacity of impaired streams. In many situations the natural drainage pattern had been completely obliterated. In total, 561 miles of emergency stream-bank stabilization, and debris removal, was completed on 80 streams in Virginia. Other work included vegetating 3,300 acres of critical sediment producing areas which had been stripped of vegetation by the hurricane and the resulting floods.

Emergency work was widely scattered throughout the area damaged by Hurricane Agnes. Over 730 requests for emergency assistance were received by the Soil Conservation Service. More than 550 of the requests were serviced at an average cost of \$16,000 per emergency measure installation. Emergency assistance following Hurricane Agnes was carried out in New York, Pennsylvania, Maryland, and Virginia.

Major flooding on the Mississippi River Valley and adjacent areas in the spring of 1973, resulted in a supplemental appropriation of 20 million dollars. Nine states suffered damage. Flooding occurred on over 7.7 million acres and over 2.5 million acres of these were cropland. Emergency measures included repair to badly damaged dams and levees, debris removal from channels, repair and reseeding sediment producing areas, and conservation measures to retard gullying, landslides, and sheet erosion on denuded areas.

Major flooding in the Northwest, Northeast, North Dakota, Mississippi River Valley and adjacent areas in 1974 resulted in 18 states requesting and receiving emergency assistance funding. The major measures include debris removal from streams, stream-bank stabilization and reseeding sediment producing areas. Approximately 80 percent of these funds were obligated by June 30, 1975.

The Forest Service used some of these funds to carry out emergency watershed treatment to protect life and property on National Forest and adjacent land.

Work following floods, tornadoes and fire was accomplished in Mississippi, Alabama, Kentucky, Georgia, Idaho, California, Oregon, Washington, and Arkansas on both National Forest and non-National Forest land.

Flood damage repair included stream bank stabilization, clearing of debris and sediment from clogged streams, land stabilization, road stabilization, reservoir repair and lake debris removal.

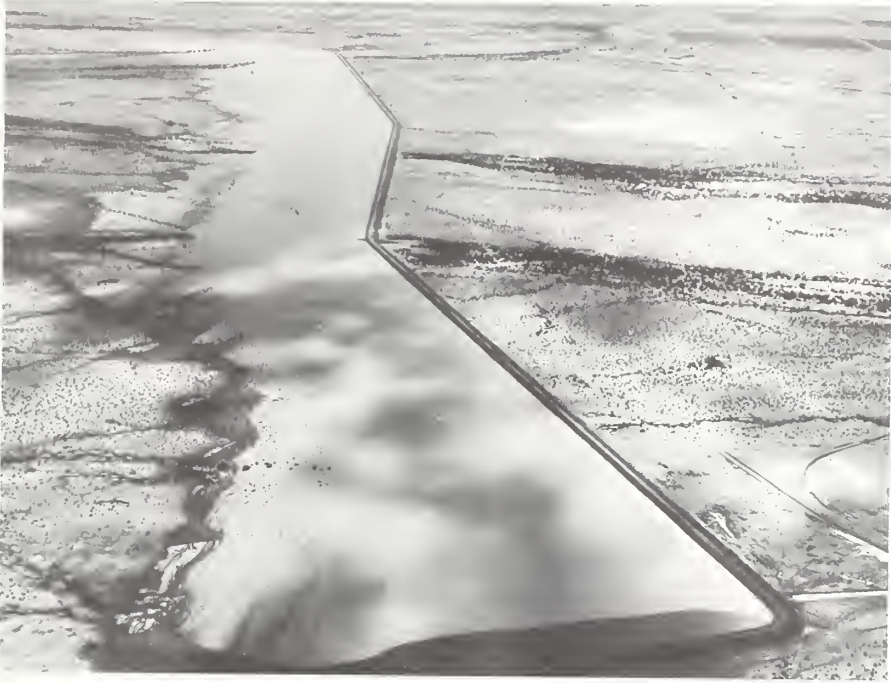
Work following fires included aerial seeding, contour trenching, fencing, debris basins and tree felling.

In 1976, requests totalling more than \$53,000,000 for emergency assistance have been received. Of the total, requests for \$26,577,000 were known prior to passage of the 1976 Agriculture Appropriation Act, and this amount was included in the Bill. Subsequent to the passage of the Act, a supplemental appropriation of \$26,432,000 was approved.

#### Small Watershed Operations Authorized by PL-566

Project plans involving an estimated federal contribution in excess of \$250,000 for construction, or construction of any single structure having a capacity in excess





Floodwater retarding dams vary greatly in size and shape. This one in Arizona is 4 miles long and 22 feet high. It is holding storm water that would have surged downstream to damage valuable farm and other land.



Terraces, strip cropping and other planned land treatment stabilize the watershed above this gully control structure. The impounded water provides a new and popular spot for fishermen in Adams County, Iowa.



of 2,500 acre feet, require congressional committee approval. Other plans are approved administratively. After watershed work plans have been approved as suitable for federal participation, technical and financial assistance can be provided for installation of works of improvement specified in the work plans.

Engineering services and other assistance are furnished project sponsors for planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements and rights-of-way are delineated. Technical assistance is also furnished to land owners and operators to accelerate planning and application of needed conservation on their individual units.

The project construction stage begins with the first project agreement or contract for construction of works of improvement. Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the SCS to do the contracting for works of improvement, the SCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from federal funds and contributions received from local organizations for their share of construction costs. Technical assistance in planning and installing conservation land treatment measures is continued as specified in the watershed work plan.

In fiscal year 1975, 28 projects were approved for operations which brought to 1,124 the total number of projects approved as of June 30, 1975. Of the 745 projects in operation in 1975, 129 were receiving preconstruction land treatment and engineering services and 472 were in construction at the end of the year. Forty-three of the latter were new construction starts in 1975. Seventeen projects were completed in 1975 which brought the total number completed to 396 as of June 30, 1975. Land treatment assistance was continued on 41 projects on which construction had been completed prior to 1975. Eighty-six of the approved projects did not require federal funds during the fiscal year 1975 because of project inactivity.

PL-566 Project Activity and Obligations

The following table shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated. Also shown are minor obligations for project evaluation studies, advances for future water supply, and balances remaining in the undistributed equipment account.

	1975 Estimate			1976 Estimate			T.Q. Estimate			1977 Estimate		
	: Num-ber	: Amount : (Thou- sands)		: Num-ber	: Amount : (Thou- sands)		: Num-ber	: Amount : (Thou- sands)		: Num-ber	: Amount : (Thou- sands)	
1. Projects approved for operation and estimated cost of completions:												
(a) Uncompleted projects at beginning of year.....	: 717	: 784,727		: 728	: 896,674		: 732	: 1,044,593		: 733	: 1,068,937	
(b) Projects approved during year.....	: 28	: 59,368		: 40	: 84,000		: 10	: 21,000		: 40	: 84,000	
Total.....	: 745	: 844,095		: 768	: 980,674		: 742	: 1,065,593		: 773	: 1,152,937	
2. Status of projects and amounts obligated:												
(a) Projects inactive on June 30.....	: 86	: --		: 95	: --		: 97	: --		: 105	: --	
(b) Projects receiving preconstruction land treatment and engineering services 1/.....	: 128	: 3,977		: 139	: 3,475		: 142	: 1,093		: 174	: 5,359	
(c) Projects moved into construction stage during year.....	: 44	: 21,113		: 20	: 9,971		: 5	: 2,455		: --	: --	
(d) Prior year projects continuing construction and land treatment.....	: 429	: 83,312		: 443	: 106,997		: 454	: 27,449		: 423	: 105,144	
(e) Projects with construction completed continuing land treatment.....	: 41	: 2,460		: 35	: 2,100		: 35	: 525		: 35	: 2,100	
(f) Projects completed during year.....	: 17	: 1,020		: 36	: 2,160		: 9	: 135		: 36	: 2,160	
Total.....	: 745	: 111,882		: 768	: 124,703		: 742	: 31,657		: 773	: 114,763	

1/ 40 projects unfunded in 1976, 50 in 1976, 90 in 1977.



PL-566 Project Activity and Obligations-(continued)

	1975 Estimate			1976 Estimate			T.Q. Estimate			1977 Estimate		
	Num- ber	(Thou- sands)		Num- ber	(Thou- sands)		Num- ber	(Thou- sands)		Num- ber	(Thou- sands)	
3. Obligations not included above												
(a) Advances for future water supply	--	1,079		--	207		--	52		--	207	
(b) Project evaluation studies.....	--	104		--	104		--	26		--	104	
(c) Undistributed equipment acct....	--	--		--	--		--	--		--	--	
(d) Loan services.....	--	344		--	348		--	87		--	317	
Total.....	745	113,409		768	125,362		742	31,822		773	115,391	
4. Uncompleted projects (cumulative)												
at end of year:												
(a) Obligations to date.....	728	806,566		732	893,076		733	918,433		737	984,146	
(b) Estimated cost of completion....	728	896,674		732	1,044,593		733	1,068,937		737	1,183,781	
5. Projects completed (cumulative)												
and total cost.....	396	264,207		432	302,400		441	308,700		477	357,750	
6. Total project approved(cumulative)												
and total cost.....	1,124	1,967,447		1,164	2,240,069		1,174	2,296,070		1,214	2,525,677	
7. Obligations (cumulative):												
Projects.....	--	1,070,773		--	1,195,476		--	1,227,133		--	1,341,896	
Other.....	--	6,697		--	7,356		--	7,521		--	8,149	
Total.....	--	1,077,470		--	1,202,832		--	1,234,654		--	1,350,045	



# Obligations Related to PL-566 Watershed Projects

The following tabulation shows by state descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in PL-566 watersheds. There are 47 multi-state projects. Obligations and man years are distributed between the states as applicable.

State	Number Projects Approved 6/30/75	Total Federal Obligations FY 1975	FY 1975 Federal Man-Year Input	Total Watershed Area (Acres)	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/75	% Federal Cost Obligated as of 6/30/75
Alabama	28	2,822,216	48.3	1,905,150	79,512,493	48,619,308	61.1	25,832,569	53.1
Arizona	13	1,456,937	30.1	1,142,544	82,739,352	50,428,680	60.9	16,757,499	33.2
Arkansas	51	8,564,341	89.2	2,923,080	127,886,635	85,541,101	66.9	52,316,486	61.2
California	21	4,031,225	46.0	909,413	158,980,211	102,620,108	64.5	51,026,491	49.7
Colorado	16	2,247,187	16.5	951,880	22,330,709	15,219,331	68.2	12,133,976	79.7
Connecticut	8	290,733	9.4	129,050	37,299,643	21,710,488	58.2	17,398,504	80.1
Delaware	4	387,502	16.9	252,398	15,847,194	9,945,873	62.8	6,338,556	63.7
Florida	20	825,790	26.8	1,224,958	47,972,262	25,035,809	52.2	13,709,835	54.8
Georgia	61	4,072,845	111.8	3,841,777	144,032,403	90,532,007	62.8	45,746,238	50.5
Hawaii	6	425,011	4.3	282,710	23,793,825	13,621,084	57.2	9,973,923	73.2
Idaho	6	261,073	5.4	272,353	11,997,339	7,025,464	58.6	6,827,718	97.2
Illinois	20	4,297,591	39.7	996,824	90,600,633	45,398,782	50.1	17,523,889	38.6
Indiana	32	2,033,530	70.8	2,048,475	105,782,516	56,489,943	53.4	33,712,118	59.7
Iowa	43	4,460,545	56.5	808,301	65,423,824	47,058,538	71.9	26,126,771	55.5
Kansas	42	5,794,739	79.9	3,896,718	136,196,467	95,636,932	70.2	56,392,648	59.0
Kentucky	31	5,951,872	50.9	2,145,500	96,601,140	59,457,939	61.5	33,327,102	56.0
Louisiana	32	4,995,753	67.8	3,728,712	131,702,150	57,009,710	43.3	30,510,495	53.5
Maine	9	342,800	11.0	400,855	13,198,221	8,969,805	68.0	5,447,916	60.7
Maryland	17	1,327,048	37.5	326,219	31,383,987	17,977,671	57.3	14,884,992	82.8
Massachusetts	10	3,581,632	26.7	468,394	38,930,786	22,229,554	57.1	13,648,899	61.4
Michigan	19	517,593	17.6	708,640	37,090,441	18,047,686	48.7	8,456,164	46.8
Minnesota	14	492,247	16.7	1,111,409	19,303,678	9,315,762	48.3	7,460,994	80.1
Mississippi	49	5,650,404	71.8	3,574,591	153,144,339	98,965,591	64.6	39,209,668	39.6
Missouri	18	1,850,266	43.3	805,332	46,312,457	29,551,459	63.8	17,329,704	58.6
Montana	12	2,136,112	20.8	384,161	20,028,382	13,957,530	69.7	10,644,507	76.3
Nebraska	41	2,956,026	52.7	2,423,361	72,914,525	41,815,732	57.3	27,079,184	64.8
Nevada	5	--	--	384,742	6,442,171	3,950,336	61.3	2,646,250	67.0
New Hampshire	6	599,433	21.9	481,058	27,794,905	18,990,951	68.3	9,533,275	50.2
New Jersey	12	2,020,970	15.3	252,647	31,046,987	19,860,700	64.0	11,587,732	58.3

Obligations Related to PL-566 Watershed Projects-(Continued)

State	Number Projects Approved 6/30/75	Total Federal Obligations FY 1975	FY 1975 Federal Man-Year Input	Total Watershed Area (Acres)	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/75	% Federal Cost Obligated as of 6/30/75
New Mexico	25	1,096,708	38.1	1,714,914	45,167,849	39,725,317	88.0	18,575,788	46.8
New York	13	1,451,518	37.9	663,103	40,789,583	32,986,229	80.9	18,274,426	55.4
North Carolina	41	3,005,215	43.4	1,688,851	75,053,969	44,520,608	59.3	22,512,048	50.6
North Dakota	18	1,124,691	18.3	2,405,791	39,796,550	26,243,082	65.9	14,948,513	57.0
Ohio	14	2,147,051	50.0	991,972	69,100,013	39,963,661	57.8	19,776,948	49.5
Oklahoma	60	7,552,058	103.8	5,991,226	223,902,297	137,355,033	61.3	82,853,267	60.3
Oregon	13	1,973,745	35.9	679,393	88,654,272	43,178,500	48.7	17,454,720	40.4
Pennsylvania	23	2,489,674	46.4	1,238,517	99,397,522	70,613,075	71.0	33,775,092	47.8
South Carolina	35	1,116,106	25.5	1,283,433	59,373,209	31,993,872	53.9	14,476,647	45.2
South Dakota	13	225,928	8.4	619,924	15,035,534	10,377,850	69.0	5,561,572	53.6
Tennessee	33	1,442,344	42.8	1,326,136	77,893,969	58,064,613	74.5	26,697,652	46.0
Texas	74	7,728,791	103.2	7,238,752	226,094,701	129,233,706	57.2	73,514,891	56.9
Utah	12	1,212,022	41.6	1,305,692	52,363,359	26,836,562	51.2	20,426,176	76.1
Vermont	4	113,229	4.4	62,927	5,778,633	4,282,458	74.1	2,904,102	67.8
Virginia	26	810,335	33.9	1,447,428	44,441,216	26,005,593	58.5	16,962,204	65.2
Washington	12	964,949	15.1	253,693	49,277,736	20,559,768	41.7	14,920,121	72.6
West Virginia	23	2,205,098	44.5	703,650	61,373,285	43,055,073	70.2	19,365,504	45.0
Wisconsin	24	765,702	27.5	1,148,558	37,899,405	30,104,872	79.4	16,875,482	56.1
Wyoming	12	123,665	5.5	624,453	10,494,134	6,509,314	62.0	5,557,640	85.4
Puerto Rico	3	122,042	5.2	252,002	16,855,562	9,865,473	58.5	1,969,014	20.0
Total Projects	1,124	112,064,292	1,837.0	70,421,667	3,215,032,473	1,966,458,513	61.2	1,070,985,910	54.5
Project Evaluation Studies		351,942							
Undistributed Equipment		400,545							
Advances for Future Water Supply		248,137							
Grand Total	1,124	113,064,916	1,837.0	70,421,667	3,215,032,473	1,966,458,513	61.2	1,070,985,910	54.5
Loan Services		344,000	21.0						
Total All	1,124	113,408,916	1,858.0	70,421,667	3,215,032,473	1,966,458,513	61.2	1,070,985,910	54.5

### Project Installations Providing Benefits

The works of improvement installed in small watershed protection projects are effective in reducing floodwater erosion, and sediment damages and provide other benefits as evidenced by the following examples:

#### Flood Damage Reduction

Arkansas - The 87,865 acre East Fork Point Remove Creek Watershed project was approved in May 1960 and is expected to be completed in fiscal 1976. Problems considered in preparing the work plan were floodwater and sediment damage to agricultural lands.

Conservation plans have been developed on the farms of 418 of the 585 landowners in the watershed. Cooperators have applied land treatment measures to adequately protect over 76% of the land in the project area. Eleven planned flood water retarding structures have been completed.

This watershed received 40 inches of rainfall between January 1 and June 1, 1975. On several occasions, rainfall exceeded 2 inches with approximately 1.5 inches in a 1-hour period. Some flooding occurred in the lower reaches of the watershed; however, there was very little flooding in the upper reaches.

Conway County Judge Tom Scott reported little damage to roads and bridges in the watershed area. Judge Scott said one low-water bridge was repaired, but damage would have been more extensive if the stream had been uncontrolled. Highway 95 was flooded for short periods of time (two to three hours), but no serious damage occurred. Before the project was installed, Highway 95 flooded regularly and stayed closed two to three days at a time. This flooding is partially due to the high stage of the Arkansas River.

The spring of 1975 was rather wet. There were several storms that would have flooded the lower bottom land had there been no project. Some of the farmers in the extreme lower end of the creek give credit to the project for flood prevention on their land even though they are three to four miles below the project area.

Landowners in the flood plain report that fence maintenance was reduced and they no longer worry about their livestock being in bottom-land pasture during floods.

#### Multiple Purpose Projects

Local sponsors of watershed projects continue to take full advantage of the broad opportunities offered under Public Law 566 to develop multiple-purpose projects. About 54 percent of the 1,124 projects approved for operation as of June 30, 1975, included structural measures with purposes other than flood prevention. The following are examples of three categories of multipurpose watersheds and the benefits being realized by the local people.

#### Water Management

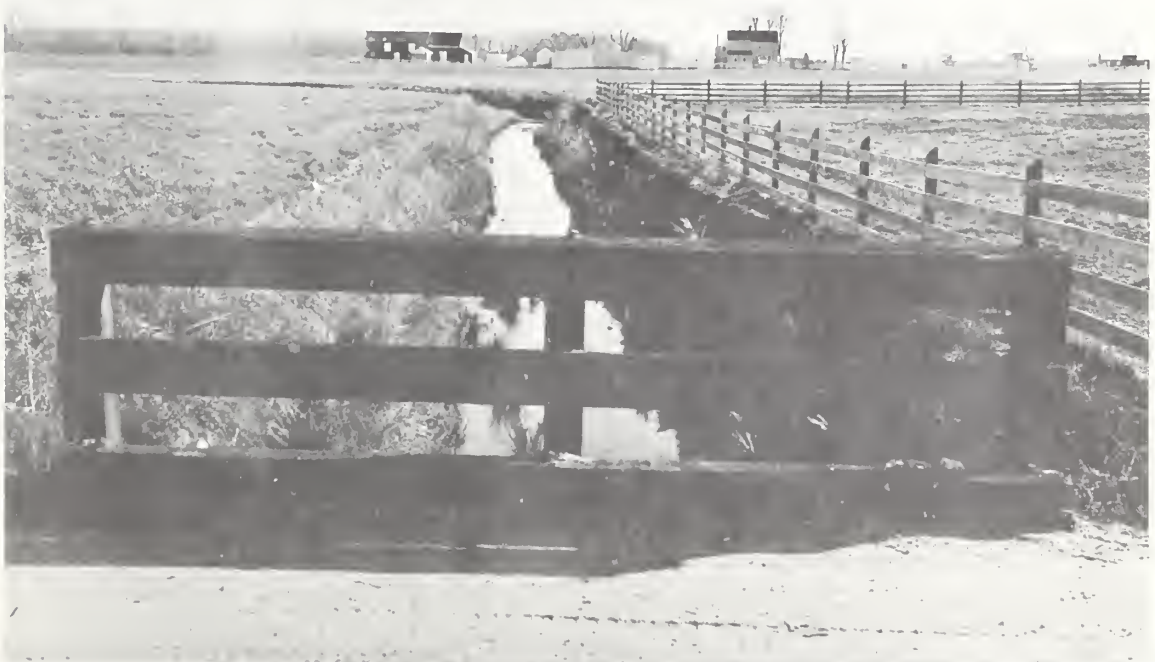
Three hundred and fifty-one watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these, 266 include drainage improvements on existing cropland and 85 include irrigation. The following examples show water management benefits derived under this program.

Louisiana - Operations began in the 161,100 acre Duralde-des Cannes Watershed project in August 1966. The work plan provides for flood prevention, watershed protection and drainage.





Before and after views of the Upper Nanticok River Watershed, Delaware.  
Installed project measures control the streambank erosion, reduce sediment,  
and permit efficient production on adjacent cropland.









Stockwater tank, filled by gravity from a large storage tank, makes possible more uniform grazing of the range.



Conservation plans have been developed on 754 of the 1,174 agricultural units in the watershed. About 90 percent of the planned land treatment measures have been applied.

Structural measures installed include 115.0 miles of stream stabilization and 21 low level weirs.

Construction of low level weirs on Bayou des Cannes was completed in 1974. The bayou, which in the past would dry up in the summer, is now providing fishing for local residents and water for irrigation. Because of the weirs, the same water is re-used several times for irrigation. The water is allowed to flow slowly down the bayou and is trapped behind each downstream weir during low water periods.

A six-inch rain was experienced in the Coulee Manuel area of the Duralde des Cannes Watershed in September 1974, following Hurricane Carmen. Strong winds had caused heavy lodging of near-mature soybeans. Channel improvement prevented all but minor damage to the soybean crops of this area as water moved quickly off the land.

Utah - The Monroe-Annabella Watershed project was approved for installation of land treatment and structural measures in March 1966. Completion is expected in 1976.

Conservation plans have been developed on 97 of the 116 operating units. Land treatment practices installed include 1,920 acres of land leveling, 55,700 feet of irrigation pipeline, 1,170 acres put under sprinkler irrigation systems, 21,300 feet of canal lining, and 11,000 acres of irrigation water management. Structural measures in place are two irrigation storage reservoirs, one diversion dam, one debris basin, 1.0 mile of floodwater diversion and 2 sprinkler irrigation systems.

The USDA Forest Service has completed 5.16 miles of fencing, 1,109 acres of brush control, 9.75 miles of improvement or new roads, closed 2.8 miles of road, 125 acres of terraces, 265 acres of trenching and closed 2.2 miles of ditches. They have also plugged 1 mile of gully, planted 300 acres of tree seedlings, dozed 75 acres of pinyon-juniper, chained and seeded 1,018 acres, breached one dam, stabilized one-half mile of streambank, harrowed and seeded 241 acres for trail stabilization and relocated 15.97 miles and finally forrowed 38 acres.

The Bureau of Land Management, USDI, has completed 3.8 miles of trail construction, constructed two wildlife and livestock watering reservoirs, developed two springs, seeded 3,609 acres of range, 39.4 miles of fencing, placed 14 cattle guards, developed one experimental plot and installed 14.8 miles of pipeline for wildlife and livestock watering facilities.

The year was dry and irrigation water was in short supply. Careful use of the water was necessary to provide adequate root zone supply. Without the Dry Creek Pipeline, the land for which it provides water, would have been out of water by the middle or end of July.

The Mayor of Monroe City expresses appreciation frequently for the foresight in constructing the Sand-H Flood Control Structure.

Those who use the water delivered through the Dry Creek Pipeline are convinced it is a saver.



The pipeline supplies a fairly uniform supply of water to the Tuft-Coombs Sprinkler project. This is a real crop saver. Efficient farm operation is necessary to make ends meet. This project makes it possible for more people to stay in the farming business. Although water is provided to land having serious limitations, some of the highest crop yields in the area are being obtained. The soil is protected as a result of the sprinkler system and top management.

Public reaction in general to the projects installed by the watershed program is very favorable.

### Recreation

Plans for 202 small watershed projects approved as of June 30, 1975, include 235 developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection.

Commitments for public recreation developments now total about \$163 million. About \$92 million will come from non-federal sources. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas. It is estimated the new recreation areas will attract 17.5 million visits a year for boating, fishing, swimming, picnicking, camping, and allied forms of recreation. This will have a favorable economic impact on nearby communities. Reservoirs to provide more than 56,000 acres additional water surface for recreation will be located in 38 states.

The following example is typical of the recreational, fish and wildlife benefits being enjoyed by residents in PL-566 projects and surrounding areas.

Missouri - the 15,200 acre Williams Creek project was approved for operations in March 1967. Problems considered in developing the work plan were floodwater and sediment damage to agricultural land, and the need for recreational water supply.

Conservation plans have been developed on the farms of 98 of the 180 landowners in the project. More than 65 percent of the planned land treatment measures have been applied. Three of the four planned floodwater-retarding dams have been installed. The Missouri State Park Board is in the process of developing recreation facilities around structure No. 2. The Clay County Park and Recreational Planning Commission has built recreation facilities and are adding more around structure No. 4 as funds permit.

Structure No. 4 was completed in October 1970, and stocked with fish. The Clay County Park Department has spent about \$18,000 per year developing the surrounding park area. Park Department Officials estimate at least 7,000 visitor days in 1972. No estimate is available for 1973 but there should be a significant increase because the lake was opened for fishing in October 1972.

Structure No. 2, a multi-purpose lake, was completed in May 1971. The Missouri Department of Conservation stocked the lake on June 16, 1971, with 47,500 bass and bluegill fingerlings. Channel catfish were added in the fall of 1971. The Missouri State Park Board has built roads, picnic areas, fishing piers, and boat launching ramps since that time. Public usage has far exceeded expectations to date. The Park Superintendent said that they had 82,000 visitors during the first 26 days of June 1974. The park was opened to public use on January 1, 1974.

### Municipal Water

As of June 30, 1975, local sponsors in 144 watersheds had included municipal water supply features in their watershed work plans in addition to flood prevention and watershed protection. An example of a project which includes additional storage capacity for municipal water supply follows:

Kentucky - The 21,179 acre Mill Creek watershed project was approved for installation of land treatment and structural measures in February 1967. The principle watershed problems were floodwater and sediment damage to agricultural lands and the need for additional water supply and water based recreation in the city of Tompkinsville area.

Conservation plans have been developed on 258 of the 300 farms in the watershed. More than 95% of the planned land treatment measures have been installed. One multi-purpose recreation, and municipal water supply structure has been completed.

The Economic Development Administration, under the authority of the Appalachian Regional Development Act of 1965, has consummated a supplemental grant in the amount of \$127,200 and a \$110,000 loan to facilitate the project and the needed water treatment and distribution system.

The City of Tompkinsville was without a supply of water suitable for drinking and general community use. The multi-purpose structure furnishes 370,000 gallons of water daily for the community. A new water treatment plant and sewer treatment plant located below the dam was completed in fiscal year 1974. A new industry has already broken ground for a new plant and when completed will employ 200. A 64 unit housing project is now under construction. The county is well along in organizing a county water district which will get water from this project for rural Monroe Countians.

### Acceleration of Soil Surveys and Conservation Planning in Watershed and Flood Prevention Projects

Watershed and Flood Prevention Operations funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in PL-534 subwatersheds and PL-566 watershed projects as specified in project work plans. This acceleration of technical assistance is provided to help meet project objectives within the agreed upon installation period.

The following table shows the acres of soil surveys and the number and acres of conservation farm and ranch plans prepared in the 1975 fiscal year with Watershed and Flood Prevention Operations funds and estimates for 1976 and 1977.

Item	1975	1976	1977
	Actual	Estimate	Estimate
Soil surveys (acres mapped).....	974,282	1,200,000	1,110,000
Conservation plans prepared:			
Number.....	2,864	3,300	3,200
Acres.....	540,939	663,000	656,000



The following table shows the acres of soil surveys and the number of conservation plans prepared cumulative through June 30, 1975, in Watershed and Flood Prevention projects in operation or completed by June 30, 1975.

Item	Watershed and Flood Prevention Operations funds	Other Funds	Grand Total in Projects
Soil surveys (acres mapped)...	22,816,700	49,293,249	72,109,949
Total number cooperators.....	*	*	306,442
Conservation plans prepared:			
Number.....	87,969	176,967	264,936
Acres.....	16,613,456	40,297,175	56,910,631

\* Not available by fund.

#### Works of Improvement Installed in Watershed and Flood Prevention Projects

The following table shows the works of improvement installed in Watershed and Flood Prevention projects in fiscal year 1975 and cumulative accomplishments in these watersheds under all programs as of June 30, 1975, with technical and financial assistance provided by the Soil Conservation Service and the Forest Service.

	:	:	Installed in 1975	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
Works of Improvement	: Unit	:	Watershed and	: Other	: Active Projects
	:	:	Flood Prev. Opera.:	Programs	: as of 6/30/75
SOIL CONSERVATION SERVICE					
Structural Measures:					
Dam, Multipurpose	No.	15	6	392	
Dam, Multipurpose	Ac.Ft.	45,387	9,216	1,050,527	
Debris Basin	No.	233	194	16,468	
Dike	Miles	60	8	589	
Floodwater Retarding Structures	No.	157	3	5,308	
Floodwater Retarding Structures	Ac. Ft.	154,036	235	3,874,885	
Floodway	Feet	47,071	1,400	673,368	
Land Treatment Measures:					
Irrigation System, Drip	No.	--	8	58	
Irrigation System, Drip	Acres	--	173	1,167	
Irrigation System, Sprinkler	No.	17	114	6,075	
Irrigation System, Sprinkler	Acres	1,421	10,126	346,183	
Irrigation System, Surface and Subsurface	No.	277	181	25,921	
Irrigation System, Surface and Subsurface	Acres	33,715	14,893	907,243	
Irrigation System, Tailwater Recovery	No.	3	47	531	
Irrigation Water Management	Acres	57,569	50,341	1,043,217	
Land Smoothing	Acres	4,532	9,939	647,748	
Livestock Exclusion	Acres	13,816	11,340	1,066,298	
Minimum Tillage	Acres	63,090	93,441	2,134,580	
Mulching	Acres	1,595	675	95,373	
Pasture and Hayland Planting	Acres	82,621	218,193	8,926,819	
Pasture and Hayland Management	Acres	364,923	681,186	9,379,158	
Pipeline	Miles	6	49	1,262	

		Installed in 1975		Est. Practices
		With Assistance Under		"On The Land" in
Works of Improvement-cont'd.	Unit	Watershed and	Other	Active Projects
		Flood Prev. Opera.	Programs	as of 6/30/75
Planned Grazing Systems	Acres	91,007	113,075	1,447,358
Pond	No.	274	4,552	245,626
Prescribed Burning	Acres	4,001	2,940	265,684
Proper Grazing Use	Acres	624,072	1,383,651	12,281,994
Pumping Plant for Water Control	No.	7	53	5,019
Range Seeding	Acres	6,341	20,085	1,184,423
Recreation Area Improvement	Acres	1,453	1,350	85,780
Recreation Land Grading and Shaping	Acres	337	169	31,699
Recreation Trail and Walkway	Miles	19	12	609
Spring Development	No.	20	129	5,297
Stock Trails and Walkways	Feet	--	120	350,267
Streambank Protection	Miles	287	19	2,740
Stripcropping	Acres	15,962	3,629	444,295
Structures for Water Control	No.	2,689	2,332	215,255
Subsurface Drain	Miles	201	963	36,512
Terrace, Basin	Miles	2	9	1,398
Terrace, Gradient	Miles	18	1,039	114,661
Terrace, Level	Miles	3	91	26,903
Terrace, Parallel	Miles	78	565	10,572
(Total, Terraces)	Miles	(101)	(1,704)	(153,534)
Toxic Salt Reduction	Acres	2,887	2,202	97,296
Tree Planting	Acres	24,944	22,998	1,672,138
Trough or Tank	No.	40	491	28,657
Waterspreading	Acres	7	--	5,830
Well	No.	114	271	27,613
Wildlife Upland Habitat Management	Acres	3,416	23,926	513,236
<u>Structural Measures:</u>				
Grade Stabilization Structures	No.	1,556	1,067	33,043
Open channel	Miles	247	7	4,432
Stream Channel Stabilization	Miles	7	7	102
<u>Land Treatment Measures:</u>				
Access Road	Miles	291	80	3,275
Agricultural Waste Mgmt. Systems	No.	5	43	234
Agricultural Storage Facility	No.	2	32	98
Bedding	Acres	151	840	76,474
Brush Management	Acres	90,715	209,190	5,984,648
Chiseling and Subsoiling	Acres	44,653	70,199	998,355
Clearing and Snagging	Miles	139	23	1,238
Commercial Fish Ponds	Acres	--	623	7,429
Conservation Cropping System	Acres	549,544	979,581	16,326,080
Contour Farming	Acres	106,468	275,739	5,576,418
Critical Area Planting	Acres	17,387	17,932	1,109,101
Crop Residue Management	Acres	538,707	936,339	15,895,667
Dam, Diversion	No.	3	6	2,574
Deferred Grazing	Acres	161,683	446,139	4,872,416
Disposal Lagoon	No.	6	78	611
Diversion	Miles	67	163	15,157

Works of Improvement-cont'd.	Unit	Installed in 1975		Est. Practices
		With Assistance Under		"On The Land" in
		Watershed and Flood Prev. Opera.	Other Programs	Active Projects as of 6/30/75
Drainage Field Ditches	Miles	65	228	19,741
Drainage Land Grading	Acres	29	2,398	71,006
Drainage Main or Lateral	Miles	227	324	26,683
Farmstead and Foodlot				
Windbreak	Acres	36	1,145	40,259
Fencing	Miles	99	244	58,062
Field Border	Miles	15	46	2,844
Field Windbreak	Miles	53	68	4,170
Firebreak	Miles	55	60	2,909
Fish Raceway	Feet	--	--	10,972
Fishpond Management	No.	2,259	930	105,044
Fish Stream Improvement	Feet	82,702	--	258,626
Floodwater Diversion	Feet	11,775	--	384,709
Grassed Waterway or Outlet	Acres	8,101	975	251,908
Grazing Land Mechanical				
Treatment	Acres	--	--	32,277
Heavy Use Area Protection	Acres	16	49	17,976
Hedgerow Planting	Miles	6	1	1,365
Hillside Ditch	Miles	--	--	2
Holding Ponds and Tanks	No.	4	6	468
Irrigation Canal or				
Lateral	Miles	1	--	1,357
Irrigation Ditch and				
Canal Lining	Miles	7	--	1,757
Irrigation Field Ditch	Miles	11	16	2,837
Irrigation Land Leveling	Acres	535	9,190	526,876
Irrigation Pipeline	Miles	17	110	2,625
Irrigation Pit or Regula-				
ting Reservoir	No.	7	44	1,827
Irrigation Storage				
Reservoir	No.	--	2	1,633
Irrig. Storage Reservoir	Ac.	--	61	96,634
Land Treatment Measures:				
Wildlife Watering Facility	No.	15	10	2,928
Woodland Direct Seeding	Acres	103	114	27,269
Woodland Improved				
Harvesting	Acres	38,479	44,039	2,283,467
Woodland Improvement	Acres	14,610	9,034	1,344,875
Woodland Pruning	Acres	274	510	27,902
Woodland Site Preparation	Acres	13,206	11,460	440,915
Land adequately treated	Acres	585,708	991,910	
Land adequately protected	Acres			50,724,386

#### FOREST SERVICE

##### Structural Measures:

Access Road Construction	Miles	30.0	72.8
Channel Improvement	Miles	1.0	13.6
Channel Stabilization	Miles	2.0	63.5
Diversion Ditches	Lin.Ft.	--	4,558
Floodwater Retarding			
Structures	No.	--	2
Grade Stabilization			
Structures	No.	22	928
Streambank Stabilization	Miles	--	10.3



	:	:	Installed in 1975	:	Est. Practices			
	:	:	With Assistance Under	:	"On The Land" in			
Works of Improvement-cont'd.	:	Unit	:	Watershed and	:	Other	:	Active Projects
	:	:	:	Flood Prev. Opera.:	:	Programs	:	as of 6/30/75
<hr/>								
Land Treatment Measures:								
Channel Improvement	Miles	--						6.6
Channel Stabilization	Miles	.2						12
Contour Terrace and Furrows	Miles	37						346.4
Area Treated	Acres	1,074						14,334
Gully Control and Stabili-								
zation	Miles	14.0						164.6
Grade Stabilization								
Structures	No.	728						2,877
Critical Area Stabilization								
by Tree Planting and Other								
Measures	Acres	12,324						333,662
Fire Hazard Reduction	Acres	352						1,435.3
Forest Road and Roadbank								
Stabilization	Miles	61.2						2,868.7
Acres Treated	Acres	443						22,706.5
Fire; Roads, Trails and								
Firebreaks	Miles	57.5						4,633
Fire Control Water Develop-								
ments	No.	13						208
Fire Towers	No.	--						54
Intensified Fire Protection	Acres	1,471						2,244,463
Heliports and Helispots	No.	4						480
Mobile Fire Equipment	No.	--						176
Other Fire Control Im-								
provements	No.	16						645
Radio Installations	No.	1						360
Forest Watershed Management								
Plans Prepared	No.	875						24,551
Area Included	Acres	68,769						3,569,320
Forest Stand Improvement	Acres	29,691						1,737,141
Proper Harvest Cutting	Acres	65,580						769,333
Range and Grass Seeding	Acres	3						44,540
Tree Planting and Seeding	Acres	17,403						689,161
Revegetation, Surface								
Mined Areas	Acres	684						7,855
Woodland Thinning and								
Release	Acres	9,902						1,074,692
Woodland Grazing Control	Acres	2,412						455,316
Recreation Area Devel-								
opment	Acres	1,795						28,692
Wildlife Habitat Devel-								
opment	Acres	456						18,356
Wildlife Ponds	No.	--						42
Woodland Owners Assisted	No.	9,319						64,550

#### Loan Programs

Under Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operations. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 94-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116 percent. For any single plan for works of improvement, the amount of the loan may not exceed \$5 million.

(Dollars in Thousands)

Explanation	1975 Actual		1976 Estimate		1977 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year.....	38	\$16,038	58	\$33,803	77	\$59,403
2. Applications received during year.....	<u>45</u>	<u>37,940</u>	<u>48</u>	<u>49,000</u>	<u>50</u>	<u>55,000</u>
3. Total applications for consideration during year	83	53,978	106	82,803	127	114,403
4. Loans obligated during year	25	20,175	<u>1/</u> 29	23,400	27	23,400
5. Applications pending at end of year.....	58	33,803	77	59,403	100	91,003
6. Loans obligated end of year (cumulative).....	400	114,750	429	138,150	456	161,550

1/ Obligations not adjusted for prior year loan cancellations.

Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about \$585,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.







Great Plains Conservation Program

Appropriation Act, 1976 .....	\$20,379,000
Budget Estimate, 1977 .....	5,178,000
Decrease in Appropriation .....	<u>-15,201,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

	<u>1976</u>	<u>Increase or Decrease</u>	<u>1977 Estimate</u>
1. Great Plains Conservation Program:			
(a) Cost-sharing assistance .....	\$14,265,000	\$-14,265,000	\$ --
(b) Cost-share programming and contract administration .....	2,559,000	-900,000	1,659,000
(c) Technical assistance .....	3,462,000	-305,000	3,157,000
GSA space rental costs .....	93,000	+ 4,000	97,000
Pay cost increase effective in FY 1976 .....	--	+265,000	265,000
Total available .....	<u>20,379,000</u>	<u>-15,201,000</u>	<u>5,178,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
1. Great Plains Conservation Program:				
(a) Cost-sharing assistance .....	\$14,357,375	\$14,265,000	\$-14,265,000	\$ --
(b) Cost-share programming and contract administration .....	2,481,416	2,598,000	- 786,000	1,812,000
(c) Technical assistance .....	3,357,209	3,516,000	- 150,000	3,366,000
Total appropriation .....	<u>20,196,000</u>	<u>20,379,000</u>	<u>-15,201,000</u>	<u>5,178,000</u>

PROJECT STATEMENT  
(On basis of available funds)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Direct Obligations:				
1. Great Plains Conservation Program:				
(a) Cost-sharing assistance .....	\$14,357,375	\$14,487,000	\$-14,487,000	\$ --
(b) Cost-share programming and contract administration ...	2,393,416	2,639,000	- 827,000	1,812,000
(c) Technical assistance .....	3,240,805	3,569,873	- 203,873	3,366,000
Total direct obligations .....	<u>19,991,596</u>	<u>20,695,873</u>	<u>- 15,517,873</u>	<u>5,178,000</u>
Unobligated balance brought forward .	( -112,469)	( -316,873)	( +316,873)	( -- )
Unobligated balance carried forward .	( 316,873)	( -- )	( -- )	( -- )
Total appropriation .....	<u>(20,196,000)</u>	<u>(20,379,000)</u>	<u>( 15,201,000)</u>	<u>(5,178,000)</u>

Reimbursable Obligations:

1. Great Plains Conservation Program				
(c) Technical assistance .....	11,074	15,000	--	15,000
Total reimbursable obligations .....	<u>11,074</u>	<u>15,000</u>	<u>--</u>	<u>15,000</u>
Total obligations .....	<u>20,002,670</u>	<u>20,710,873</u>	<u>-15,517,873</u>	<u>5,193,000</u>

SOURCES OF REIMBURSEMENTS

Non-federal .....	11,074	15,000	--	15,000
Total reimbursements .....	<u>11,074</u>	<u>15,000</u>	<u>--</u>	<u>15,000</u>

OUTLAYS

	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
1. Great Plains Conservation Program				
(a) Cost-sharing assistance .....	9,452,686	13,329,000	- 1,438,000	11,891,000
(b) Cost-share programming and contract administration .....	2,359,220	2,630,000	- 853,000	1,777,000
(c) Technical assistance .....	3,191,885	3,556,000	- 275,000	3,281,000
Total Outlays.....	<u>15,003,791</u>	<u>19,515,000</u>	<u>- 2,566,000</u>	<u>16,949,000</u>

EXPLANATION OF PROGRAM

The appropriation "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Public Law 1021, 84th Congress, (16 U.S.C. 590p), as amended. Public Law 91-118 extended the Great Plains cost-share contracting authority to December 31, 1981.

This program is in addition to other USDA soil and water conservation programs in the counties designated for participation and is coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups.

Potential Workload:

Estimated acreage in the 469 designated counties that could come under Great Plains contracts.....	180,000,000 Acres
Acres included in cost-share contracts as of June 30, 1975 ..	<u>90,211,457 Acres</u>
Estimated acreage that could come under Great Plains contracts .....	<u>89,788,543 Acres</u>

Current Workload:

Land under contract June 30, 1975 .....	90,211,457 Acres
Land on which program activities have been completed June 30, 1975 .....	<u>56,014,164 Acres</u>
Land under contract June 30, 1975 on which program activities are not completed .....	<u>34,197,293 Acres</u>

The purpose of the program is to assist farmers and ranchers in planning and applying resource management systems on their farms and ranches to prevent or reduce the effects of the climatic hazards of the area. Benefits to be achieved are protection and improvement of soil, water, plant, and wildlife resources through reduction of erosion and sedimentation, abatement of agriculture-related pollution, and thereby help stable the local economy. Activities include:

- Cost-sharing assistance - Payments are made to program participants for a share of the cost of installing eligible conservation practices scheduled in contracts.
- Cost-share programming and contract administration - Soil Conservation Service provides assistance in developing contracts, which include schedules of conservation measures to be applied, and administers contracts.
- Technical assistance - Soil Conservation Service provides assistance to help farmers and ranchers install scheduled conservation measures according to standards and specifications.

<u>Program results</u>		<u>FY 1975 Actual</u>	<u>FY 1976 Estimate</u>	<u>FY 1977 Estimate</u>
Number of contract applications received .....	Annual	2,586	2,600	-5,282a/
	Cumulative	54,858	57,458	52,776
Number of applications awaiting contracts at end of year .....		5,232	5,337	-0- b/
Number of contracts signed .....	Annual	1,832	2,455	-0-
	Cumulative	49,626	52,081	52,776c/

Number of contracts completed and terminated .....	Annual	2,764	2,475	2,455
	Cumulative	34,306	36,781	39,236
Number of active contracts at end of year .....		15,320	15,300	15,975 <sub>c/</sub>
Number of technical services rendered .....	Annual	103,269	103,000	91,000
Acreage ( in 1,000 acres):				
Signed contracts .....	Annual	3,566	4,665	-0-
	Cumulative	90,211	94,876	96,196 <sub>c/</sub>
Applications awaiting contracts		13,310	13,482	-0- <sub>b/</sub>

a/ 5,282 applications on hand for GPCP assistance will not be processed in 1977 due to elimination of funds for new cost-share contracts.

b/ Additional applications for GPCP assistance would not be accepted in FY 1977.

c/ Increase from 1976 to 1977 is due to an estimated 695 contracts expected to be signed in the transition period (July 1 to September 30, 1976).

#### JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease in appropriation of \$15,201,000 for Great Plains Conservation Programs (\$20,379,000 appropriated in FY 1976). On the basis of available funds there is a decrease of \$15,517,873 consisting of:

(a) An increase of \$4,000 for space rental costs pursuant to PL 92-313.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

(b) An increase of \$265,000 for annualization of pay increases effective in FY 1976.

(c) A decrease of \$14,265,000 due to the elimination of funds for new cost-share contracts.

(d) A decrease of \$900,000 for cost-share programming and contract administration funds relating to elimination of funds for new contracts.

(e) A decrease of \$305,000 for technical assistance related to elimination of funds for new contracts.

(f) A decrease of \$316,873 for work carried over to FY 1976 from FY 1975.

The current 1976 estimate includes the use of carryover balances of \$316,873 to complete work initiated in 1975. The 1977 program level provides funds for servicing contracts active on September 30, 1976. Funds for new contracts and the corresponding cost-share programming and contract administration work are proposed to be eliminated. The administration plans to propose new cost-sharing legislation designed to replace overlapping and duplicate authorities currently in effect. The new proposals will emphasize cost-sharing for long-term conservation practices on a nationwide basis.





# STATUS OF PROGRAM

Current Activities: The Great Plains Conservation Program is authorized by Public Law 1021, 84th Congress, (16 U.S.C. 590p), as amended. This authority terminates on December 31, 1981. Total appropriations of \$300,000,000 are authorized for cost-sharing. Cost-sharing payments in any program year may not exceed \$25,000,000.

This program provides assistance, under long-term contracts, to land users in designated counties of the 10 Great Plains States. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the Plains area which is plagued with recurring drought and wind erosion problems. Installation of complete conservation treatment and management systems on farms and ranches in the area helps stabilize the individual enterprise and consequently the local economy and contributes to total environmental improvement through reduction of wind and water erosion and abatement of agriculture-related pollution.

## Counties Designated and Program Participation by State

Determination of a county's eligibility for participation in the program is based on conservation needs and interests of local people. The physical factors for consideration include susceptibility of the land to serious wind erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee.

As of June 30, 1975, 469 counties had been designated for participation in the Great Plains Conservation Program. At the end of FY 1975, the number of designated counties, status of active contracts, cost-sharing payments in 1975 and the distribution of obligations and man-years by state was:

State	Designated Counties	Active Contracts 6/30/75		FY 1975		
		Number	Acres	Cost-sharing Payments	Total Obligations	Man- Years
Colorado	37	1,337	2,848,910	\$1,082,492	\$ 2,138,307	33
District of Columbia	- -	- -	- -	- -	322,174	9 <u>1/</u>
Kansas	62	1,679	1,057,539	838,893	1,762,146	27
Montana	39	651	7,427,117	614,378	1,594,184	20
Nebraska	61	1,719	2,413,744	823,658	1,514,893	27
New Mexico	19	461	4,281,958	441,619	669,788	12
North Dakota	38	2,164	3,478,631	594,756	1,709,556	24
Oklahoma	30	2,577	1,535,989	913,721	2,027,418	31
Oregon	- -	- -	- -	- -	18,860	1 <u>1/</u>
South Dakota	47	1,732	4,252,773	772,978	1,799,125	21
Texas	123	2,511	3,408,523	2,822,526	5,565,731	95
Wyoming	13	489	3,492,109	547,665	777,414	12
Subtotal SCS	469	15,320	34,197,293	\$9,452,686	\$19,899,596	312
Allocation to ASCS					92,000	2
Total GPCP	469	15,320	34,197,293	\$9,452,686	\$19,991,596	314

1/ District of Columbia amounts represent the Washington, D. C. headquarters; the Oregon amount represents the Technical Service Center in Portland, Oregon that provides technical guidance to the Western Great Plains states.

## Assistance Furnished by the Department

Assistance furnished under this appropriation to participating farmers and ranchers in the 10 Great Plains States consists of the following:

1. Cost-shares for installation of permanent conservation practices scheduled under long-term contracts. Cost-share payments vary from 30 to 80 percent of the average costs incurred by program participants for installation of eligible conservation practices. Financial assistance enables cooperators to install conservation practices in the proper sequence as scheduled in their contracts.

2. Technical services of soil conservationists, engineers, and other agricultural specialists are provided to help install sound conservation programs adapted to each farm or ranch. These services include:

- (a) Cost-share programming and contract administration. Technical assistance for processing applications for program participation; development of costs, determining cost-share obligations, preparing contracts, and contract administration to ensure that contract provisions are met. Contracts are based on conservation plans of operations which outline resource management systems by land use.
- (b) Technical assistance to help install planned treatment measures. Farmers and ranchers are responsible for completing their plans of operation as scheduled. Assistance in practice installation is provided when needed for site selection, topographic surveys, detailed designs, practice layout, and certification. Technical assistance is also furnished to help them perform required noncost-shared management features such as proper grazing of grassland, proper irrigation water management, and good crop residue management on cultivated land.

#### Program Assignments

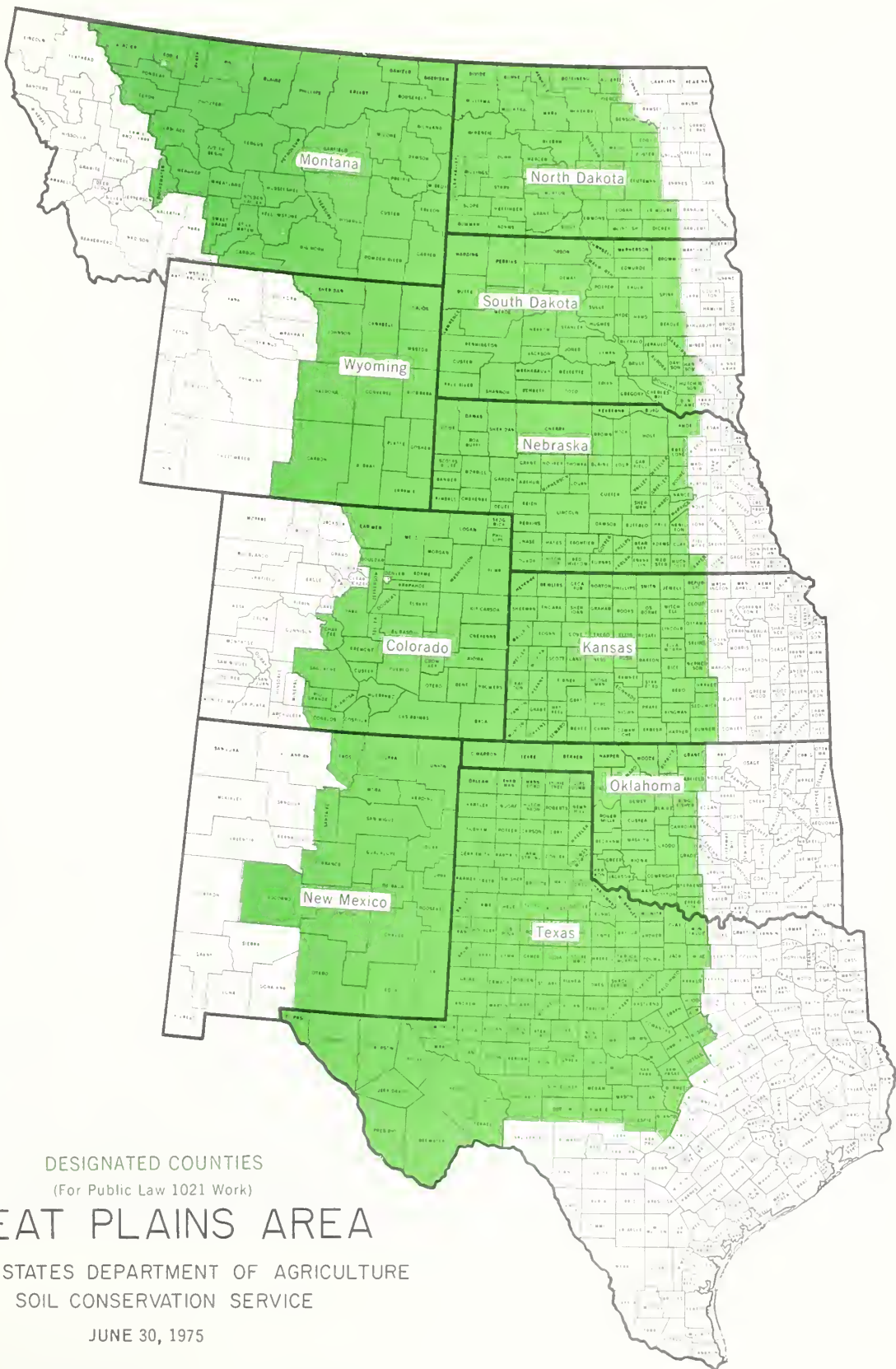
The Soil Conservation Service has general responsibility for administration of the Great Plains Conservation Program. State and county program committees participate in program development and coordination of activities. The Agricultural Stabilization and Conservation Service certifies that cost-share payments are not duplicates of payments made under programs administered by it and searches the indebtedness register to determine whether cost-share payments should be set-off against amounts due the Federal Government.

The following table shows funds obligated under the Great Plains Conservation Program in 1975 by agency and estimates for 1976 and 1977 on the basis of available funds:

Item and Agency	1975 Obligation	1976 Estimate	1977 Estimate
Cost-share contracts:			
Soil Conservation Service .....	\$14,357,375	\$14,487,000	\$ - -
Cost-share programming and contract administration:			
Soil Conservation Service.....	2,301,416	2,545,000	1,748,000
Agricultural Stabilization and Conservation Service.....	92,000	94,000	64,000
Subtotal.....	2,393,416	2,639,000	1,812,000
Technical assistance:			
Soil Conservation Service.....	3,240,805	3,569,873	3,336,000
Total direct obligations.....	\$19,991,596	\$20,695,873	\$5,128,000

#### Technical Assistance Workload

Installation services for contracted practices are programmed both annually and on a long-term basis. Technical assistance is made available when practices are scheduled for installation. Technical assistance essential to cooperators compliance with Great Plains contracts is provided by local staffs at each field office. In 1975, about 314 man-years were used for technical services. Technical time provided under this appropriation average less than one man-year per county.



DESIGNATED COUNTIES

(For Public Law 1021 Work)

## GREAT PLAINS AREA

UNITED STATES DEPARTMENT OF AGRICULTURE  
SOIL CONSERVATION SERVICE

JUNE 30, 1975







Marginal cropland converted to native grass pasture produces beef for the American consumer. The seeding and well for livestock water were installed through a Great Plains Conservation Program contract.



Selected Examples of Recent Progress:

Aiding Rural Development

Work under this program has been effective in stabilizing many farm and ranch enterprises within the ten state area. Well planned and applied conservation systems protect the natural resource base and develop resources for sustained and increased production.

Changes in Land Use Needed

Special emphasis is placed on helping land owners and operators make needed land use changes. Much land in the Great Plains area is suited to production of cultivated crops when needed conservation measures are properly applied. There are, however, areas of land now in cultivation that are not suited to such use because of soil type, topography, and low rainfall. Soil surveys provide essential land facts on which to base conservation and land use plans.

Program participants are converting much of the land unsuited for cultivation to permanent vegetative cover. As of June 30, 1975, a total of almost 3 million acres of cropland was scheduled for conversion to grassland and other uses, representing 20 percent of all cropland under contract.

Performance Data

Farms and ranches under contract in FY 1975 average 1,946 acres. During FY 1975 the average obligation per contract was \$6,022. The \$9,452,686 disbursed for cost-sharing during FY 1975 represents approximately 65% of the total cost of installing cost-shared conservation practices. As of June 30, 1975, 90,211,457 acres have been included in cost-share contracts.

Thirty-three soil and water conservation practices are eligible for cost-sharing under the Great Plains Conservation Program. The amount of cost-shared practices applied and cost-shares paid in FY 1975 and cumulative at the end of FY 1975 were:

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1975	6/30/75	1975	6/30/75
<u>Initial Application</u>					
Establish permanent vegetative cover .....	Acres	83,521	2,369,607	\$ 983,330	\$20,447,813
Establish field/wind strip-cropping .....	Acres	37,223	948,294	57,224	1,249,475
Establish contour strip-cropping .....	Acres	2,598	161,433	19,844	697,113
Establish contour farming .	Acres	- -	4,981	- -	4,469
Re-establishing grasslands	Acres	96,534	1,888,586	1,372,954	18,946,498
Establishment of trees and shrubs .....	Acres	2,406	39,907	149,752	2,298,422
Establish permanent waterways .....	Acres	2,724	43,353	353,417	4,735,602
Terraces .....	Miles	3,429	78,831	1,233,323	19,776,131
Diversions .....	Miles	184	5,042	132,082	2,667,758
Grassland mechanical treatment .....	Acres	4,945	364,097	7,051	420,599
Dams for erosion control detention .....	Number	364	21,824	311,759	4,954,774
Grade stabilization structures .....	Number	249	4,357	133,504	1,178,695
Streambank protection, etc.	L. Ft.	5,286	276,228	5,711	303,821

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1975	6/30/75	1975	6/30/75
<u>Initial Application</u>					
Diversion dams and spreader ditches .....	Acres	4,811	135,365	205,089	2,739,394
Reorganizing irrigation systems .....	Number	208	4,876	194,486	6,941,554
Irrigation land leveling ..	Acres	3,129	218,144	112,496	6,545,847
Dams, pits, or ponds for irrigation .....	Number	20	753	26,848	637,095
Lining irrigation ditches, canals, etc. ....	L. Ft.	20,830	1,848,466	20,721	1,606,374
Wells .....	Number	869	21,385	590,063	11,165,644
Developing springs and seeps .....	Number	144		40,364	551,274
Constructing dams, pits, or ponds .....	Number	1,124	27,567	635,503	12,952,150
Pipelines .....	Miles	792	8,651	935,554	9,322,600
Controlling competitive shrubs .....	Acres	140,183	5,273,490	513,242	14,133,965
Fences .....	Miles	1,018	16,799	572,671	6,022,128
Critical area treatment ...	Acres	2,953	11,296	191,908	787,854
Irrigation tailwater recovery system .....	Number	30	125	19,374	62,458
Disposal lagoons .....	Number	10	53	10,037	51,643
Recreation land grading & shaping .....	Acres	1	4	48	170
Water storage facilities ..	Number	1,251	5,350	359,298	1,440,187
Catchment basins .....	Number	- -	5	- -	24,552
Shallow water areas .....	Number	12	69	8,486	40,103
Holding ponds and tanks ...	Number	31	82	37,793	96,515
Wheatgrass barriers .....	L. Ft.	264,330	470,884	320	653
<u>Reapplication</u>					
Establish perm. vegetative cover .....	Acres	7,794	155,615	\$ 99,997	\$1,198,959
Establish field/wind strip- cropping .....	Acres	- -	246	- -	320
Contour stripcropping .....	Acres	36	61	277	394
Re-establishing grasslands	Acres	5,002	87,795	74,280	852,220
Establishment of trees or shrubs .....	Acres	82	3,141	5,474	119,034
Establish permanent waterways .....	Acres	306	3,901	14,608	122,327
Terraces .....	Miles	50	976	8,109	171,626
Diversions .....	Miles	- -	11	- -	4,477
Grassland mechanical treatment .....	Acres	- -	220	- -	220
Dams for erosion control detention .....	Number	2	44	819	29,434
Grade stabilization structures .....	Number	6	20	2,530	5,399
Streambank protection, etc.	L. Ft.	- -	1,063	- -	11,657
Diversion dams and spreader ditches .....	Acres	- -	3,697	1,171	30,171
Reorganizing irrigation systems .....	Number	- -	5	- -	5,255



Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1975	6/30/75	1975	6/30/75
<u>Reapplication</u>					
Irrigation land leveling ..	Acres	- -	587	- -	11,615
Dams, pits, or ponds for irrigation .....	Number	- -	6	- -	2,410
Lining irrigation ditches, canals, etc. ....	L. Ft.				
Wells .....	Number	1	68	1,781	31,407
Developing springs and seeps .....	Number	- -	7	- -	1,560
Constructing dams, pits or ponds .....	Number	4	85	1,346	33,097
Pipelines .....	Miles	- -	6	- -	5,819
Controlling competitive shrubs .....	Acres	871	57,949	2,155	107,918
Fences .....	Miles	- -	1	141	250
Critical area treatment ...	Acres	186	710	5,679	21,870
Wheatgrass barriers .....	L. Ft.	- -	- -	67	67
TOTAL .....	XXXX	XXXX	XXXX	\$9,452,686	\$155,570,999

Note: The total amount of cost-shares paid by primary purpose is:

	FY 1975	Cumulative 6/30/75
Wind and water erosion protection	\$9,347,097	\$155,208,651
Fish, wildlife, and recreation uses	50,054	190,287
Economic use of land	6,918	19,280
Agricultural-related pollution	48,617	152,781

WIND EROSION CONDITIONS IN THE GREAT PLAINS  
For the 1974-75 Wind Erosion Season

Wind erosion reports were submitted from 296 counties in which wind erosion was prevalent or expected during the 1974-75 season. The acreage of land damaged is cumulative for the period November 1, 1974 to May 31, 1975.

Land Damaged

A total of 5,684,304 acres was reported damaged in the 296 reported counties. This was the largest amount of land reported damaged since the 1956-57 season (10,347,000 acres). Of the total land damaged 81.3% was cropland (4,624,057 acres), 17.1% range-land (971,968 acres), and 1.6 other land (88,279 acres). The Northern Plains States reported 2,337,565 acres (41.1%) and the Southern Plains States reported 3,346,739 acres (58.9%). Nearly 80% of the land damaged this season was in three states-- Colorado (1,457,320 acres), North Dakota (1,490,500 acres) and Texas (1,399,434 acres).



Acres of Land Damaged

Great Plains States	Co's	Land Damaged			Total Land Damaged	
	Rptg.	Cropland	Rangeland	Other Land	5/31/75	5/31/74
	No.	Acres	Acres	Acres	Acres	Acres
Northern:						
Montana	20	444,200	10,600	375	455,175	550,300
Nebraska	8	126,100	10,000	2,050	138,150	49,760
North Dakota	53	1,486,550	3,850	100	1,490,500	248,000
South Dakota	40	224,830	2,800	1,710	229,340	172,489
Wyoming	7	18,600	4,850	950	24,400	21,159
Subtotal	128	2,300,280	32,100	5,185	2,337,565	1,041,708
Southern:						
Colorado	37	646,265	794,250	16,805	1,457,320	114,510
Kansas	39	119,936	1,500	4	121,440	81,676
New Mexico	7	72,920	41,000	14,600	128,520	401,350
Oklahoma	17	238,725	400	900	240,025	63,465
Texas	68	1,245,931	102,718	50,785	1,399,434	2,053,735
Subtotal	168	2,323,777	939,868	83,094	3,346,739	2,714,736
Grand Total	296	4,624,057	971,968	88,279	5,684,304	3,756,444

Crops or Cover Destroyed on Land Not Damaged

Crops or cover was destroyed on 1,886,518 acres of land not otherwise damaged compared to 580,833 acres reported a year ago, an increase of 1,305,685 acres or 225%. Crops or cover destroyed in Colorado (1,322,570 acres) is 70% of the total.

Land Not Damaged Due to Emergency Tillage

Emergency tillage to prevent land damage was reported on 3,960,138 acres. Emergency tillage in Texas (2,734,703 acres) is 69.0% of the total acres so treated. The Southern Great Plains States reported 93.4% of the emergency tillage.

Selected Examples of Program Accomplishments

The Rocky Creek watershed near San Angelo, Texas, covers 74,000 acres of rangeland of which about 35,000 acres had been taken over by unproductive brush. Deterioration of the Rocky Creek watershed has caused it to flow intermittently since 1919. In the early 1960's five ranchers developed Great Plains Conservation Program contracts on 33,000 acres, nearly half of the land in this watershed. Planned conservation work included brush control on 30,000 acres, range seeding, deferred grazing, and related range conservation practices.

As the highly competitive, deep-rooted brush was eliminated, the first spring started flowing in 1964, and as work continued, other springs appeared throughout the area. Rocky Creek has flowed continuously since 1967 providing water for rangeland, livestock, and wildlife. According to U. S. Geological Survey records since 1969 the streamflow has ranged from a low of 475 to a high of 4,000 gallons per minute. In 1975 the average rate of flow was about 2,500 gallons per minute in spite of only 10 inches of rainfall in a 9-month period.

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With technical and cost-share assistance under the Great Plains Conservation Program, W. B. Grimes of Flagler, Colorado built 21 miles of terraces, established contour stripcropping, and manages crop residues for wind and water erosion control on 1,500 acres of cropland. "This combination pays off during the tough years," says Grimes. Normal annual precipitation in the area is 13 to 15 inches and the soils are highly erosive. "The terraces hold water and strips protect against wind erosion. In past years, I have lost a complete crop, usually through wind damage. Now I can count on a harvest every year."



Heavy infestations of weed plants such as Mesquite and Prickley Pear consume more water than the grasses they replace.







Suppression of brush, range seeding, deferred grazing, and proper grazing management carried out under a GPCP contract made rangeland productive, once again.





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There are an estimated 12,000 to 15,000 acres of blowouts and active duneland in Roosevelt County today, much of it caused by unsuccessful attempts at dryland farming in the 1940's.

An active sand dune can advance 50 yards or more a year under strong winds. Mr. Weldon Bauske, of Roosevelt County, New Mexico, was determined to stop sand dune encroachment on his land. When he was advised that the cost for grading, protecting, and establishing grass on the dune area usually exceeds the value of the land even after improvement, Bauske's reaction was not to question whether he should try; only how soon he could get started! He stated that the investment was essential to protect adjacent rangeland and thereby stabilizing his entire ranching operation. He proceeded to stabilize 300 acres of active sand dune and blowout areas under a Great Plains Conservation Program contract. The reclaimed critical area provides controlled grazing. His reclaimed dune area withstood a severe test of high winds in April 1975. He strongly believes the results are worth the efforts.







Resource Conservation and Development

Appropriation Act, 1976 .....	\$29,972,000
Budget Estimate, 1977 .....	21,488,000
Decrease in Appropriation .....	<u>-8,484,000</u>

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

	1976	Increase or Decrease	1977 Estimate
Resource Conservation and Development:			
Project planning assistance .....	\$ 2,604,000	\$ --	\$ 2,604,000
Technical assistance .....	16,514,000	-2,701,000	13,813,000
Cost-sharing assistance .....	10,300,000	-5,800,000	4,500,000
Loan services .....	199,000	+1,000	200,000
GSA space rental cost .....	355,000	+16,000	371,000
Total available .....	<u>29,972,000</u>	<u>-8,484,000</u>	<u>21,488,000</u>

PROJECT STATEMENT  
(On basis of adjusted appropriation)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
1. Resource Conservation and Development:				
(a) Project planning assistance	\$1,655,000	\$ 2,633,000	\$ +3,000	\$ 2,636,000
(b) Technical assistance .....	9,990,000	16,840,000	-2,688,000	14,152,000
(c) Cost-sharing assistance ...	8,464,000	10,300,000	-5,800,000	4,500,000
(d) Loan services .....	211,000	199,000	+1,000	200,000
Total adjusted appropriation .....	<u>20,320,000</u>	<u>29,972,000</u>	<u>-8,484,000</u>	<u>21,488,000</u>

PROJECT STATEMENT  
(On basis of available funds)

Project	1975	1976 (estimated)	Increase or Decrease	1977 (estimated)
Direct Obligations:				
1. Resource Conservation and Development:				
(a) Project planning assistance	\$ 2,224,899	\$ 2,633,000	\$ +3,000	\$ 2,636,000
(b) Technical assistance .....	14,436,901	16,876,869	-2,724,869	14,152,000
(c) Cost-sharing assistance ...	8,463,646	11,400,000	-6,900,000	4,500,000
(d) Loan surveys .....	211,000	199,000	+1,000	200,000
Total direct obligations .....	25,336,446	31,108,869	-9,620,869	21,488,000
Unobligated balance brought forward	(-6,153,315)	(-1,136,869)	(+1,136,869)	--
Unobligated balance carried forward	(+1,136,869)	(--)	(--)	--
Total adjusted appropriation .....	(20,320,000)	(29,972,000)	(-8,484,000)	(21,488,000)

Reimbursable Obligations:

1. Resource Conservation and Development:				
(a) Project planning assistance	41	--	--	--
(b) Technical assistance .....	81,651	100,000	+20,000	120,000
(c) Cost-sharing assistance ...	566,046	749,000	+130,000	879,000
Total reimbursable obligations.	647,738	849,000	+150,000	999,000
Total Obligations .....	<u>25,984,184</u>	<u>31,957,869</u>	<u>-9,470,869</u>	<u>22,487,000</u>



SOURCES OF REIMBURSEMENT

	<u>1975</u>	<u>1976</u> <u>(estimated)</u>	<u>Increase</u> <u>or Decrease</u>	<u>1977</u> <u>(estimated)</u>
Within USDA .....	179	--	--	--
Other federal agencies:				
Bureau of Reclamation .....	28,323	35,000	+5,000	40,000
Corps of Engineers .....	19,860	25,000	+5,000	30,000
Non-federal:				
RC&D project sponsors .....	580,705	769,000	+135,000	904,000
Other .....	18,671	20,000	+5,000	25,000
Total reimbursements .....	<u>647,738</u>	<u>849,000</u>	<u>+150,000</u>	<u>999,000</u>

OUTLAYS

1. Resource Conservation and Development				
(a) Project planning assistance ..	2,285,665	2,617,000	-60,000	2,557,000
(b) Technical assistance .....	14,198,615	18,435,000	-4,522,000	13,913,000
(c) Cost-sharing assistance.....	6,231,501	11,158,000	-6,187,000	4,971,000
(d) Loan services .....	214,640	199,000	+1,000	200,000
Total outlays.....	<u>22,930,421</u>	<u>32,409,000</u>	<u>-10,768,000</u>	<u>21,641,000</u>

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" of the Soil Conservation Service funds the activities authorized under Section 32(c) of Title III of the Bankhead-Jones Farm Tenant Act as amended (7 U.S.C. 1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935, (16 U.S.C. 590a-f). Activities are as follows:

Project planning assistance.--Staff assistance is provided to local sponsors in the preparation of their plans for the conservation, development and utilization of the natural resources in the project area. RC&D planning activities in fiscal year 1977 are expected to require 124 man-years.

Item	1975 Actual	1976 Estimate	Transition Quarter	1977 Estimate
Applications for RC&D Program assistance:				
Received, current fiscal year .	12	15	3	15
Unserviced applications on hand	64	69	72	77
Authorized for assistance, current fiscal year .....	10	10	--	--
Authorized for assistance, cumulative .....	158	168	168	168
Status of planning:				
Plans in process, current fiscal year .....	49	36	10	10
Plans prepared, current fiscal year .....	23	26	--	10
Plans prepared, cumulative ....	132	158	158	168
Plans remaining to be prepared.	26	10	10	--
Obligations for planning:				
Current fiscal year .....	\$2,224,899	\$2,633,000	\$653,000	\$2,636,000
Planning obligations per project .....	\$14,081	\$15,673	\$3,887	\$15,690

Technical assistance.--Technical assistance is provided to RC&D sponsors for implementing the RC&D plan by developing and accomplishing plans for measures adopted through the planning process. Technical assistance activities in fiscal year 1977 are expected to require 608 man-years.

Item	1975 Actual	1976 Estimate	Transition Quarter	1977 Estimate
RC&D Plans being implemented:				
Projects authorized, current fiscal year .....	23	26	--	10
Projects, cumulative .....	132	158	158	168
RC&D measure activity:				
Measures completed, current fiscal year .....	1,530	1,100	275	1,050
Measures completed, cumulative.	8,764	9,864	10,139	11,189
Measures per authorized project	66	62	64	67
Obligations for technical assistance:				
Current fiscal year .....	\$14,436,901	\$16,876,869	\$4,215,000	\$14,152,000
Obligations per RC&D plan being implemented .....	\$109,370	106,816	\$26,677	\$84,238

Cost-sharing assistance.--Financial assistance is provided to local sponsors for installing RC&D measures included in the RC&D plan.

Item	1975 Actual	1976 Estimate	Transition Quarter	1977 Estimate
Obligations for financial assistance, current fiscal year ....	\$8,463,646	\$11,400,000	\$2,575,000	\$4,500,000
Obligations per RC&D plan being implemented .....	\$64,119	\$ 72,152	\$16,297	\$26,785

Loan services.--Funds are provided the Farmers Home Administration to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the agricultural credit insurance fund of the FmHA is not available for such expenses. The workload consists of servicing 355 loans which will be made by the end of the 1977 fiscal year and loan counseling to help local sponsors arrange funding necessary to implement planned measures. Loan servicing is expected to require 12 man-years in 1977.

Item	1975 Actual	1976 Estimate	Transition Quarter	1977 Estimate
Status of Loans obligated:				
Loans made, current fiscal year.	25	43	11	40
Loans made, cumulative .....	261	304	315	355
Obligations for loan services, current fiscal year .....	\$211,000	\$199,000	\$50,000	\$200,000
Loans authorized from FmHA account	\$3,600,000	\$3,600,000	\$900,000	\$3,600,000
Obligations for loans, cumulative.	\$22,728,669	\$26,328,669	\$27,228,669	\$30,828,669

#### JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$8,484,000 for Resource Conservation and Development consisting of: (on the basis of available funds there is a decrease of \$9,470,869)

- (a) An increase of \$16,000 for space rental costs.

Need for Increase: Pursuant to P.L. 92-313, the Agency is required to budget for costs associated with occupied GSA controlled space. The 1976 Appropriation Act again limited the Department to paying 90 percent of the Standard Level User Charge used in computing the 1976 request. The funds requested in the 1977 Budget would (1) restore the full financing necessary to meet estimated billings provided by the General Services Administration, and (2) provide for additional general rate increases anticipated during FY 1977.

- (b) An increase of \$1,000 for loan services.

- (c) A decrease of \$2,701,000 for technical assistance.

- (d) A decrease of \$5,800,000 for cost-sharing assistance.

Plan of Work. The FY 1977 appropriation does not provide authorization for RC&D project assistance to new project areas. Plans will be prepared for the 10 project areas now in planning. A total of 168 projects will be in operation by the end of FY 1977. Priority for technical and financial assistance will be provided to the more active RC&D projects in FY 1977.

The decrease is related to (1) a \$5.0 million Congressional add-on for new project starts in 1976 which will not be carried forward in 1977, (2) no new project starts in FY 1977 and (3) reduced technical and financial assistance in less active RC&D project areas.

## STATUS OF PROGRAM

Current Activities: The Resource Conservation and Development (RC&D) Program was initiated in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703) and other existing Departmental authorities. Program assistance is provided through RC&D project areas, which are organized and sponsored by units of state and local government. RC&D sponsors initiate and direct a continuing planning process, develop and maintain an overall RC&D plan for the area and install planned measures.

Agencies of the Department of Agriculture provide planning, technical, cost-sharing and loan assistance to local sponsors under the program leadership of the Soil Conservation Service. Sponsors also seek the assistance of local, state, and federal agencies which can contribute to the initiation and installation of needed measures.

Basic goals of the Resource Conservation and Development Program are as follows:

1. To develop dynamic rural communities which have a pleasant environment and a satisfactory level of income based on sound, well-planned use of available local resources.
2. To enable local people to sponsor, initiate and coordinate long range and short-term plans and programs for action designed specifically to meet the needs and conditions of their community.
3. To provide local means of obtaining, coordinating, and using assistance available from the Department and other federal and state sources to help stimulate and develop the resource potentials of the area as shown in the RC&D plan.
4. To attract private and other capital to develop resources and to help communities adapt to changing conditions and needs.

A significant feature of resource conservation and development projects is the creation by local leaders of a climate of confidence and community stability. This stimulates investment of private funds in measures such as: new processing plants; new businesses to provide services; private or community water-based recreation facilities; and land treatment and structural measures designed to enhance and protect other investments.

### Types of Assistance Furnished by the Department

Assistance provided within RC&D areas under this program can be grouped into four types: (1) project planning assistance, (2) technical assistance, (3) cost-sharing assistance, and (4) loan assistance.

1. Project planning assistance is furnished sponsors in areas authorized for RC&D assistance. After assistance has been authorized for the applicant area, RC&D sponsors are aided in the development of an RC&D plan. The land, water, and related resources are studied by the sponsors, involved citizen groups, and cooperating federal, state, and local agencies. Alternatives are analyzed and an RC&D plan is prepared. The plan describes the area, its basic problems and needs. It sets forth the sponsors' objectives and outlines their plans for the prudent management and development of resources. Sponsors establish major courses of action to be pursued and set priorities for solving identified problems. Measures and activities that will improve the area are identified and explained; schedules to accomplish planned measures are included. The continuing planning process permits adding to or modifying the RC&D plan to meet changing needs and to capitalize on new opportunities. Short-term plans are revised annually.



2. Technical assistance provided to help implement the RC&D plan includes:
  - a. Plans, designs and surveys on measures recorded in the RC&D plan that are eligible for RC&D cost-sharing assistance.
  - b. Help to sponsors to achieve activities and measures included in the RC&D plan which are not eligible for cost-sharing.
  - c. Help to sponsors in undertaking studies and inventories of a project or area-wide scale that directly aids in achieving project objectives.
3. Cost-sharing assistance to help eligible sponsors install approved measures; including erosion and sediment control (critical area treatment), flood prevention, farm irrigation, land drainage, soil and water management for the control of agricultural-related pollutants, public water-based recreation and fish and wildlife developments and water quality management.
4. Loans and loan services to help local sponsors finance eligible measures included in the RC&D plan.

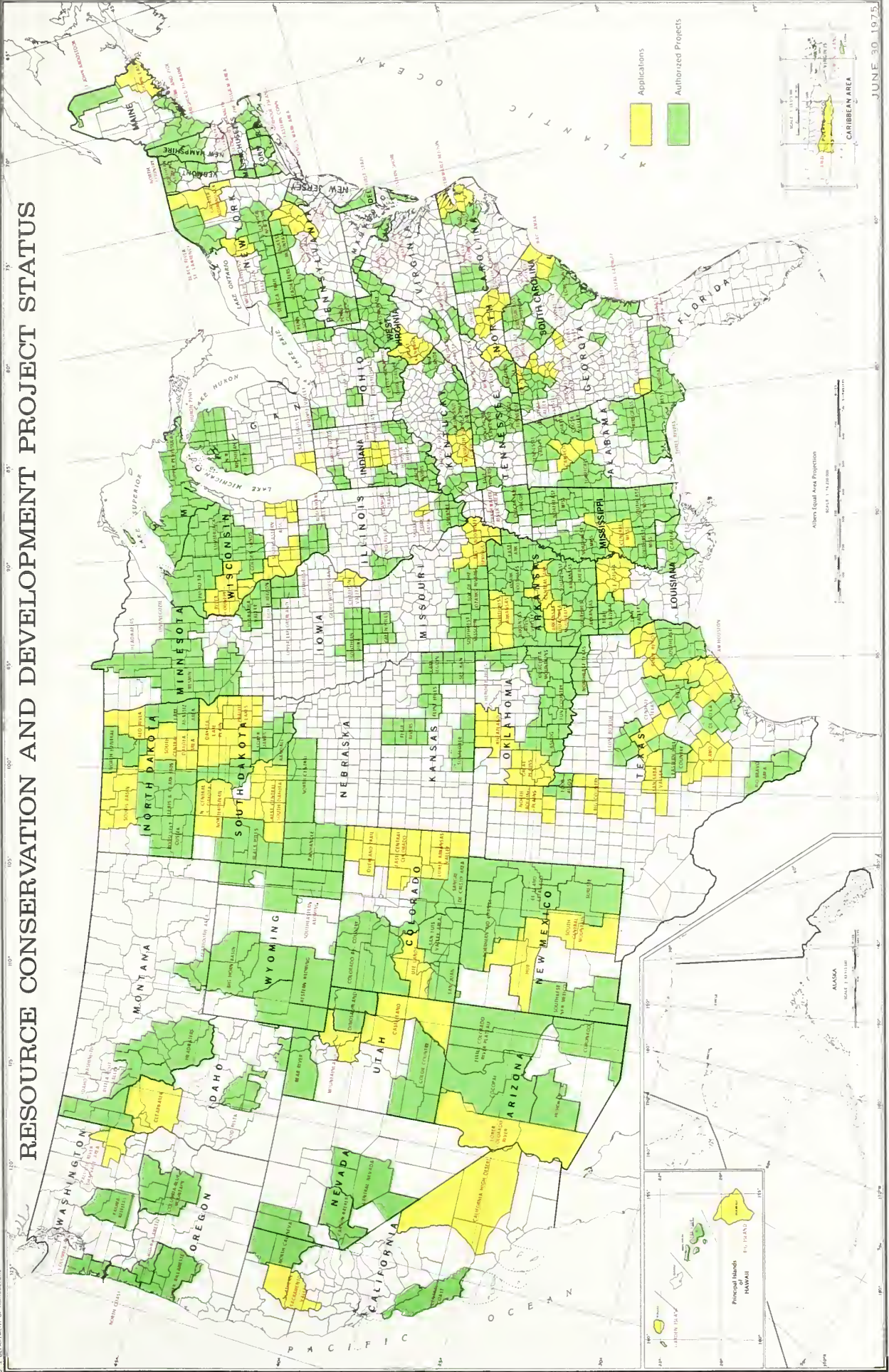
#### Program Assignments

Administrative leadership for this program is assigned to the Soil Conservation Service. USDA planning assistance is provided primarily by the Soil Conservation Service and Forest Service. The Economic Research Service evaluates applications and reviews RC&D plans. Technical assistance for implementing the RC&D plan is provided primarily by the Soil Conservation Service, Forest Service, and Extension Service. The Farmers Home Administration is responsible for the loan provisions of the program. The Economic Research Service aids in evaluating activities having impact in more than one RC&D project. In addition, other agencies of the Department provide assistance in accordance with their Departmentally assigned functions.

Other federal agencies provide assistance to RC&D sponsors in accordance with their regularly assigned functions. State and local units of government and their agencies participate within the limits of their interests and authority. Thus, RC&D activities are broader than those created by assistance from this Department alone. An indication of the level of participation by USDA agencies follows:



# RESOURCE CONSERVATION AND DEVELOPMENT PROJECT STATUS





Funds obligated in 1975 and estimates of projected available funds and direct man years by Agency for FY 1976, Transition Quarter, and FY 1977 are in the following table:

	Project Planning		Technical Assistance		Cost-sharing Assistance Obligations	Loan Services		Total	
	Obligations	Man-Years	Obligations	Man-Years		Obligations	Man-Years	Obligations	Man-Years
1975 Actual:									
SCS	\$2,186,813	95	\$13,255,492	607	\$8,463,646	--	--	\$23,905,951	702
ERS	9,976	--	108,786	5	--	--	--	118,762	5
ES	--	--	296,000	--	--	--	--	296,000	--
FmHA	--	--	--	--	--	\$211,000	13	211,000	13
FS	28,110	--	776,623	5	--	--	--	804,733	5
Total	<u>2,224,899</u>	<u>95</u>	<u>14,436,901</u>	<u>617</u>	<u>8,463,646</u>	<u>211,000</u>	<u>13</u>	<u>25,336,446</u>	<u>725</u>
1976 Estimate:									
SCS	2,598,900	124	15,737,469	594	11,400,000	--	--	29,736,369	718
ERS	9,100	--	121,900	5	--	--	--	131,000	5
ES	--	--	240,000	--	--	--	--	240,000	--
FmHA	--	--	--	--	--	199,000	12	199,000	12
FS	25,000	--	777,500	4	--	--	--	802,500	4
Total	<u>2,633,000</u>	<u>124</u>	<u>16,876,869</u>	<u>603</u>	<u>11,400,000</u>	<u>199,000</u>	<u>12</u>	<u>31,108,869</u>	<u>739</u>
Transition Quarter Estimate:									
SCS	645,000	31	3,930,000	159	2,575,000	--	--	7,150,000	190
ERS	2,000	--	30,000	1	--	--	--	32,000	1
ES	--	--	60,000	--	--	--	--	60,000	--
FmHA	--	--	--	--	--	50,000	3	50,000	3
FS	6,000	--	195,000	1	--	--	--	201,000	1
Total	<u>653,000</u>	<u>31</u>	<u>4,215,000</u>	<u>161</u>	<u>2,575,000</u>	<u>50,000</u>	<u>3</u>	<u>7,493,000</u>	<u>195</u>
1977 Estimate:									
SCS	2,602,000	124	13,042,750	598	4,500,000	--	--	20,144,750	722
ERS	9,000	--	122,000	5	--	--	--	131,000	5
ES	--	--	240,000	--	--	--	--	240,000	--
FmHA	--	--	--	--	--	200,000	12	200,000	12
FS	25,000	--	747,250	4	--	--	--	772,250	4
Total	<u>\$2,636,000</u>	<u>124</u>	<u>\$14,152,000</u>	<u>607</u>	<u>\$4,500,000</u>	<u>\$200,000</u>	<u>12</u>	<u>21,488,000</u>	<u>743</u>



Selected Examples of Recent Progress:

Project Planning

Resource conservation and development projects are initiated, sponsored and directed by local governing bodies of soil and water conservation districts, county governments, cities, towns, and special purpose districts in cooperation with state governments and their agencies and other local agencies and groups. Projects are located where increased attention to community problems of resource use and soil and water conservation is essential to community improvement. Rural areas subject to rapid or significant economic change may also benefit from this project approach.

Project areas generally cover two or more counties. People within a project area recognize common interests, resources, problems, and needs and that by working together they are able to develop the potential of the area and provide opportunities for better rural living conditions. Effectiveness of projects depends upon the resources available, local leadership, and teamwork among public agencies. Activities are closely coordinated with sub-state planning agencies where there is mutual interest and concern.

Policy decisions and planned actions are designed to improve the level of living for people in the area; enhance the environment; effect orderly land use change; improve water supplies; accelerate erosion and sediment control; reduce flooding and drainage problems; lessen water and land pollution; develop public water-based recreation facilities; develop public water-based fish and wildlife facilities; develop wood products and other industries; improve scenic and historic attractions to encourage and develop tourist trade; and generate other community development.

Plans had been prepared in 132 projects as of June 30, 1975, planning was underway in 26, and there were 64 applications for assistance on hand. Plans are expected to be prepared for 26 areas in fiscal year 1976. This would make a total of 158 plans prepared by the end of 1976. It is estimated that plans now in progress will be prepared for 10 project areas during the 1977 fiscal year. This would bring the total projects to 168 by the end of fiscal year 1977 with no remaining plans in process, and 77 unserved applications on hand.

A black walnut harvest and processing enterprise provides new jobs and income in the Lincoln Hills Resource Conservation Development project in Indiana. The enterprise developed interest in and appreciation of forest crops and woodland management.



Walnuts are a resource generating job opportunity and income potential.



Walnuts hulled for marketing provide income for various community activities. In one instance, over 9,000 pounds of walnuts were collected and sold to support a high school band trip.



Project interest increased appreciation of the value of walnut groves for soil conservation as well as wood and nut production. The above picture shows 33,000 pounds of black walnuts bagged and ready for market.





RC&D PROJECT ASSISTANCE

(Includes all project areas with plans underway or complete as of June 30, 1975 )

State	Authorized Projects	Counties	Acreage (000)	Cumulative Obligations (000)
Alabama	4	36	16,026	\$ 6,642
Alaska	--	--	--	--
Arizona	4	12	44,151	1,408
Arkansas	5	56	24,363	8,388
California	2	6	10,634	1,014
Caribbean Area	1	1	85	156
Colorado	4	35	34,103	3,338
Connecticut	2	8	2,129	1,376
Delaware	1	3	1,266	586
Florida	3	21	9,324	1,804
Georgia	5	22	5,096	4,179
Hawaii	1	1	714	1,242
Idaho	2	14	10,720	3,271
Illinois	3	25	6,769	2,227
Indiana	5	31	7,497	3,668
Iowa	3	16	5,551	2,488
Kansas	5	34	15,673	2,249
Kentucky	4	29	7,404	2,608
Louisiana	3	20	8,646	3,124
Maine	3	11	6,427	3,587
Maryland	1	3	668	567
Massachusetts	2	7	2,197	804
Michigan	3	36	18,139	3,825
Minnesota	4	41	24,889	4,348
Mississippi	4	69	25,171	5,171
Missouri	3	32	13,289	3,335
Montana	3	12	16,858	2,965
Nebraska	2	17	17,030	1,248
Nevada	2	12	23,080	859
New Hampshire	1	4	3,161	1,702
New Jersey	1	2	569	135
New Mexico	4	22	44,621	3,696
New York	4	19	12,115	4,377
North Carolina	4	21	6,814	2,177
North Dakota	4	30	23,906	1,688
Ohio	5	26	8,023	2,129
Oklahoma	4	31	16,698	3,608
Oregon	4	15	16,647	5,143
Pennsylvania	4	24	11,933	3,319
Rhode Island	1	5	671	283
South Carolina	4	23	9,106	2,944
South Dakota	4	25	16,845	2,996
Tennessee	4	37	9,623	3,768
Texas	8	51	28,930	5,542
Utah	3	11	21,538	2,602
Vermont	2	10	3,156	1,841
Virginia	1	8	1,849	804
Washington	2	6	6,372	774
West Virginia	4	30	7,675	3,381
Wisconsin	3	30	18,103	3,896
Wyoming	3	17	39,903	1,641
TOTAL	158	1,057	666,157	134,923

Local staffs of the Soil Conservation Service and other federal and state agencies cooperate in furthering planned resource development.

Conservation work already planned on individual farms and ranches through conservation district cooperative agreement contributes to program effectiveness. Planning and applying additional land treatment on farms and ranches is often needed to complement or protect community-type measures.

In the 132 projects where RC&D plans are being implemented, 8,764 measures were completed and placed in operation by June 30, 1975. They contribute significantly to: (1) solving land use, economic, social and environmental problems; (2) a realization of development opportunities; and (3) increased employment and income in project areas. Sponsors plan and complete measures which do not involve USDA input either as the primary leaders or in a supporting role. Such measures include community facilities for health, education, transportation, and recreation; and for the utilization, processing and marketing of natural resource products. Sponsors may include other measures, such as special studies and inventories to identify problems, needs and opportunities.

Sponsors seek assistance which goes beyond that available in any one Federal Department. Examples are municipal water and sewer systems, medical facilities, roads, industrial parks and others. One of the major advantages of an RC&D project is that a broad range of community problems can be analyzed and resolved. This permits concentration of resources on identified problems and opportunities and brings about community involvement in determining courses of action basic to sound land use and resource development.

### Measure Installation Progress

Following is a summary of measures installed by June 30, 1975.

#### PROGRESS IN 132 RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS IN OPERATIONS June 30, 1975

Type of RC&D Measure	<u>Adopted</u>		<u>Planned</u>		<u>Completed</u>		<u>Cancelled</u>	
	FY 1975	Total to date	FY 1975	Total to date	FY 1975	Total to date	FY 1975	Total to date
Accelerated Services...	324	2,163	116	1,021	104	673	67	147
Critical Area Treatment	460	2,190	199	914	108	449	38	129
Flood Prevention .....	234	1,919	49	368	39	246	93	295
Farm Irrigation .....	116	620	12	181	25	130	9	62
Land Drainage .....	81	488	8	115	16	89	20	45
Agriculture-Related								
Pollutant Control ...	20	147	2	53	2	31	--	4
Public Water-Based								
Recreation .....	185	676	12	42	6	10	27	54
Public Water-Based Fish and Wildlife .....	46	260	3	18	1	4	15	30
Public Recreation or Fish and Wildlife								
Developments .....	258	3,834	*	*	137	1,104	129	477
Water Developments ....	60	1,305	*	*	23	410	38	132
Special Resource Studies and Inventories .....	492	3,138	*	*	298	1,441	43	149
Highways, Roads, Trails and Scenic Highways .	83	1,184	*	*	55	306	33	115
Cooperatives and Associ- ations .....	54	296	*	*	14	117	8	25
Agriculture Forest Pro- duct Processing or								
Marketing Industry ..	67	715	*	*	24	254	23	93
Industrial Development.	45	561	*	*	32	291	13	77
Public Facilities or								
Services .....	573	4,932	*	*	321	1,610	105	305
Educational .....	142	1,160	*	*	97	501	31	83
Other .....	375	3,261	*	*	228	1,098	109	261
Totals .....	3,615	28,849	401	2,712	1,530	8,764	801	2,483

\*Planning of associated RC&D measures not recorded.

Camp Easter Seal--for handicapped children--is located in Cottonwood Creek in the Idaho-Washington Resource Conservation and Development (RC&D) Project area. Summer storm flooding from Cottonwood Creek has long been a hazard problem.

RC&D Project Measure solves the problem.



Concrete channel for intermittent Cottonwood controls summer storm flood problem through Camp area.



Children's swim area is protected from flood hazard.



Playing area for children is protected from flooding.



Each year, handicapped children safely enjoy 2 weeks at Easter Seal Camp.





### Highlights of Program Progress

Following are reports of representative measures and associated activities carried out in RC&D projects for solving community problems and utilizing opportunities.

Mississippi - Jonestown Flood Prevention and Drainage (Northwest Mississippi RC&D Project): About 60 homes in the small rural town of Jonestown, Mississippi, (population about 900) have a history of frequent flooding. Due to the protection provided by this measure, none of these homes were flooded during the heavy rainstorms of 1974-1975. Sponsors were Coahoma County Soil and Water Conservation District and Jonestown. Cost-sharing assistance was provided through the Northwest Mississippi RC&D Project.

Planning and Development of Pierce Street Park and Thomas Street Park, Tupelo: Indoor and outdoor facilities now provide recreational opportunities for residents in a 30-mile surrounding area. Other benefits include physical fitness program activities, and an estimated increase of up to 250 new jobs during the next five years in support services and new businesses that are expected to be established in the area.

Montana - Rodeo Ranchettes Critical Area Treatment: Severe streambank erosion (up to 50 feet in places) along about 4,000 feet of the Bitterroot River, fronting on an area of existing rural homes and potential homesites, was one problem brought to the attention of sponsors of the Bitterroot RC&D Project. As a result, the Missoula Conservation District and Missoula County Commissioners sponsored a measure to correct the problem. With the stabilization of the critical areas, rural residents can now feel safe and secure. Downstream water quality has been improved, recreation opportunities have been enhanced, and fish and wildlife resources are protected from sedimentation damages.

Nebraska - Mirage Flats Floodwater Detention Dam: Sponsors included Mirage Flats Irrigation District, Upper Niobrara-White Natural Resource District, and Sheridan and Dawes Counties. The structure now protects 1,000 acres of cropland, the homes of approximately 40 rural residents, roads and fences, utilities serving the area, and the Mirage Flats Irrigation District Lateral. The area below the dam, that had been subject to sedimentation from frequent floods, now has improved water quality and enhanced fish and wildlife potential along Dawes-Sheridan Creek. Cost-sharing was provided through the Panhandle RC&D Project.

Oregon - Nursery Bridge Diversion and Highline Canal Pipe Drop: This work provides for reliable and efficient delivery of irrigation water to 7,000 acres on 300 farms. The improvement will also prevent erosion, sedimentation, water loss, and drainage problems. Sponsors of the Columbia-Blue Mountain RC&D Project provided cost-sharing funds.

South Carolina - Hampton Group Flood Prevention and Drainage: Hard work and good planning has benefited ten families in the Dabbs Crossroads section of Sumter County. Assistance to these families was provided by the sponsors of the Santee-Wateree RC&D Project, including Sumter County Commissioners and the Sumter County Soil and Water Conservation District. Their homes are now safe from flooding; gardens are again productive, and flooded and muddy roads are no longer a problem.

Utah - Irrigation Company of the West Fork of Grouse Creek (Bear River RC&D Project): Agricultural production was increased by more stable water supplies and improved on-farm efficiency in water use as a result of this RC&D measure. The area is dependent upon agricultural income from forages, small grains and livestock. Late season irrigation, now possible, boosts agricultural production and benefits recreation and wildlife resources. Increased production now better sustains and improves living conditions for the farm families of this area. The work provides two or more new job opportunities.

West Virginia - Stumpy Bottom Flood Prevention: A 47-acre area near the City of Princeton is now protected. The area contains homes, businesses and small industry. Open spaces can now be made attractive and useable as play areas without the problem of pools of stagnant water good only for breeding mosquitoes and as a source of pollution. Because of the protection provided by the technical and financial assistance of the Mountain-Dominion RC&D Project, a wood preserving plant, employing 10 men, has been established in this area.

Princeton Recreation Area and Open Space Drainage: This small town is proceeding with plans for needed outdoor recreation facilities including play courts and ball fields following completion of drainage at two community playground areas. The drainage measure was made possible by assistance through the Mountain-Dominion RC&D Project. Sponsors of the drainage measure included the Southern Soil Conservation District and Princeton. The safety of children on play areas and the quality of the environment have been improved.

## PASSENGER MOTOR VEHICLES

The 1977 estimate proposes the purchase of 225 additional and 350 replacement passenger motor vehicles.

The passenger motor vehicles of the Soil Conservation Service are distributed among 50 state offices and Puerto Rico, 230 area offices and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D. C. The vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at field offices, job sites or other places not serviced by common carrier. Often two or more persons are required to travel together, sometimes for long distances. The use of pickup or truck type vehicles for such trips is impractical, more costly, and not as safe as passenger vehicles. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally used on a pool basis and are not assigned to one individual exclusively. This allows several employees to rely on the use of a single vehicle. This maximizes utilization, minimizes the number of vehicles needed, and reduces maintenance costs.

On June 30, 1975, the Soil Conservation Service had 1,713 passenger cars in a total fleet of 10,553 vehicles. The fleet includes pickup trucks, sedan deliveries (light trucks) and jeeps. The Service also had 11 heavy trucks and 146 special purpose vehicles at selected locations.

Purchase of Additional Passenger Motor Vehicles. SCS proposes to purchase 225 passenger motor vehicles in fiscal year 1977 to replace a like number of light duty, 4X2, pickup trucks. This continues a planned gradual reduction in the number of light truck type vehicles that have reached age and mileage requirements for disposal. Sedans are more economical to purchase and operate than light duty trucks. Sedans in the SCS fleet average 15.4 mpg. SCS light trucks average 13.9 mpg. Replacing 225 light trucks, driven an average 7,224 miles per year, with sedans would conserve approximately 11,390 gallons of fuel per year.

These light trucks are used by field personnel in areas serviced generally by improved roads requiring limited off road travel. The small tools, planning folders and other equipment used by these personnel can be transported equally as well in a passenger car as in a pickup truck. Personnel working in urban areas with planning commissions, city, county and state governmental units and other local groups often need cars which can carry additional passengers. Much travel is performed on parkways and other limited highways which prohibit trucks.

In fiscal year 1975, the average cost of operating light duty pickup trucks including maintenance and depreciation, was 9.36 cents per mile compared with 8.38 cents for sedans, a savings of about .98 cents per mile. In 1975 the acquisition price for sedans averaged about \$2,838 compared to about \$2,984 for light duty pickup trucks. Cost of new sedans will likely be \$3,200 while trucks will cost about \$3,600 in 1976. Therefore, by purchasing sedans instead of light duty pickup trucks expected outlay for vehicles should be reduced by \$90,000.

Replacement of passenger motor vehicles. The FY 1977 estimates provide for the replacement of 350 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement have been driven more than 60,000 miles or are more than six years of age or will be beyond economic repair due to accident or other causes.

SCS is continuing a sound and effective replacement program. During fiscal year 1975, 170 replacements were purchased. Economy of operation and expected use factors will be taken into consideration as well as prescribed age and mileage standards in planning replacements in 1977.

The following table indicates the use and number of passenger motor vehicles proposed for purchase and replacement during the fiscal year 1977.

Activity and Use	Proposed Purchases (To Replace Trucks)	Proposed Purchases (To Replace Passenger Vehicles)
<u>Conservation Operations</u> - For use by Area Conservationists, District Conservationists, technical specialists, survey supervisors, and State Office personnel .....	167	210
<u>Watershed Planning</u> - For use by watershed planning party leaders and technical specialists assisting local sponsors prepare watershed work plans.....	12	25
<u>River Basin Surveys and Investigations</u> - For use by river basin survey coordinators and staff members in conducting river basin surveys and investigations --		25
<u>Watershed Works of Improvement</u> - For use by Assistant State Conservationists for water resources and by technical specialists in supervising installation of works of improvement in authorized projects and negotiating with local sponsors .....	22	40
<u>Flood Prevention</u> - For use by technicians in planning and installing works of improvement in the 10 uncompleted authorized projects.....	6	20
<u>Resource Conservation and Development</u> - For use by project coordinators and project staff members assisting local sponsors prepare work plans and carry out planned resource conservation and development work in coordination with ongoing programs in approved project areas .....	18	30
Total .....	225	350

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand June 30, 1975, are as follows:

Model	Number of Vehicles	Percent of Total	Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
1966	16	1.0	80-100	57	3.3
1967	31	1.7	60-80	245	14.0
1968	64	3.7	50-60	193	11.0
1969	100	5.7	40-50	215	12.3
1970	129	7.4	30-40	258	14.8
1971	347	19.9	20-30	277	15.9
1972	352	20.1	10-20	318	18.2
1973	311	17.8	1-10	139	7.9
1974	348	19.9	Under 1	35	2.0
1975	49	2.8			
Total	1,747*	100.0		1,747	100.0

\* 1713 Sedans  
34 Station Wagons









LANGUAGE CHANGES

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GENERAL LANGUAGE CHANGE

The Agriculture and Related Agencies Appropriation Act, 1976 included language that appropriated funds for the transition quarter (July 1, 1976 through September 30, 1976) for all USDA accounts. This language is being deleted in the 1977 President's Budget. These deletions are not shown on the language change sheets that follow.





## DEPARTMENTAL ADMINISTRATION

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

### Departmental Administration

- 1 \*\*\* management support services to [selected agencies and] offices of the Department of Agriculture \*\*\*
- 2 \*\*\* and not to exceed [\$35,000] \$10,000 for employment under 5 U.S.C. 3109 \*\*\*\*

The first change would eliminate language pertaining to the Economic Management Support Center, as new appropriation language is being proposed which would establish this as a separate account.

The second change would decrease the amount available for employment under 5 U.S.C. 3109 to coincide with the elimination of the Economic Management Support Center from the Departmental Administration account.

ECONOMIC MANAGEMENT SUPPORT CENTER

The 1977 estimates include the new change in appropriation language explained below. New language is underscored.

Salaries and Expenses

For necessary expenses of the Economic Management Support Center to provide management support services to selected agencies of the Department of Agriculture, \$2,805,000: Provided, that this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109. (7 U.S.C. 2201-2202.)

This change provides language to fund the Economic Management Support Center, an agency which provides consolidated and centralized management support services to the Agricultural Economics agencies of the Department. The justifications for this new account are found on page 282 of Volume 1 of these Explanatory Notes.

AGRICULTURAL RESEARCH SERVICE

The estimates include proposed changes in the Language of these items as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Research Service

For expenses necessary \* \* \* Provided, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250, for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building (except headhouses connecting greenhouses) shall not exceed |\$50,000| \$65,000, except for six buildings to be constructed or improved at a cost not to exceed |\$100,000| \$125,000 each, and the cost of altering any one building during the fiscal year shall not exceed |\$18,000| \$25,000, or 1 |18.6| 25 per centum of the cost of the building, whichever is greater: \* \* \* \*  
2 [Provided further, That \$10,395,000 of this appropriation shall remain available until expended for plans, construction and improvement of facilities without regard to the foregoing limitations.] \* \* \*

Explanation of Language Change:

The first change would increase the cost limitations of (1) constructing any one building (except headhouses connecting greenhouses) from \$50,000 to \$65,000; (2) constructing or improving six buildings from \$100,000 to \$125,000 each; and (3) altering any one building from \$18,000 to \$25,000 and from 18.6 to 25 per centum of the cost of the building, whichever is greater. This change is necessitated by the continuing upward trend in the costs of building materials and labor. The estimated 25% increase in these costs from June 1974 to October 1976 will render the current limitations, in effect since FY 1975, overly restrictive to the point of endangering research programs.

The second change would delete language contained in the 1976 Appropriation Act which provides that \$10,395,000 shall remain available until expended for plans, construction and improvement of facilities. No funds are proposed in the 1977 Budget estimates for this purpose: Therefore, the language is not required.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language is underscored; deleted matter enclosed in brackets):

Animal and Plant Health Inspection Service

- 1 For expenses, not otherwise provided\*\*\*and [\$2,550,000] \$833,000 shall be for
- 2 repayment to the Commodity Credit Corporation of advances (and interest
- 3 thereon) made in accordance with authorities contained in the provisions of the
- 4 appropriation items for the Animal and Plant Health Inspection Service in the
- 5 Agriculture-Environmental and Consumer Protection Appropriation Act, [1974]
- 6 1975:\*\*\*Provided further, That this appropriation shall be available pursuant
- 7 to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings
- 8 and improvements, but unless otherwise provided, the cost of constructing any
- 9 one building [(except headhouses connecting greenhouses)] shall not exceed
- 10 [\$40,000] \$65,000, except for [one building] three buildings to be constructed
- 11 or improved at a cost of not to exceed [\$80,000] \$130,000 each, and the cost
- 12 of altering any one building during the fiscal year shall not exceed [\$15,000]
- 13 \$25,000, or [15] 25 per centum of the cost of the building, whichever is
- 14 greater: Provided further, That \$3,800,000 shall remain available until
- 15 expended for plans, construction and improvement of facilities without regard
- 16 to limitations contained herein:

The first change specifies the amount needed in FY 1977 for repayment to the Commodity Credit Corporation of advances (and interest thereon) made during FY 1975 to combat exotic Newcastle disease.

The second change relates to the authority under which the advance from Commodity Credit Corporation was made during FY 1975. Authority for that advance was contained in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1975.

The third change deletes the headhouse-greenhouse language which is no longer applicable to the Animal and Plant Health Inspection Service.

The fourth change would increase the cost limitation of constructing any one building from \$40,000 to \$65,000. This increase is required because labor and material costs have been escalating at a rate of 10 percent per year since FY 1972 when this limitation was established.

The fifth change would provide authority to construct or improve three buildings instead of one as authorized for FY 1975. These buildings are needed to update the APHIS facilities to better serve program needs. Technology advancements and environmental considerations dictate the need to upgrade facilities, especially to keep abreast of industry.

The sixth change increases the cost of three buildings to \$130,000. Because of specialized features of the facilities, such as temperature and humidity control and/or environment consideration, the size of the facility must be minimized to the point of questionable feasibility in order to stay within the current cost limitation. Also, the fact that material and labor costs have increased about 10 percent each year makes the increase a necessity.

The seventh change would increase the authority to alter any one building from \$15,000 or 15 percent to \$25,000 or 25 percent of the cost of the building, whichever is greater. There is a continuing need to upgrade and modify older, existing facilities in order to fulfill program requirements. Because the initial cost of the older facilities is very low, compared to present day costs, the current limitation is inadequate and unduly restricts needed alterations.

The eighth change specifies that that portion of the FY 1977 Appropriation for a new animal import center at Stewart Airport, Newburg, N.Y., to replace the facility at Clifton, N.J., shall remain available until expended.

COOPERATIVE STATE RESEARCH SERVICE

The estimates include proposed change in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Cooperative State Research Service

- 1 For payments to agricultural experiment stations, \*\*\*[\$1,500,000 for Rural Development Research as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668), including administrative expenses;]

The first change deletes the language contained in the 1976 Appropriation Act which provides for Rural Development Research, since authorization for appropriation of funds under Title V of the Rural Development Act of 1972 has expired.



## EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

### Federal Funds

#### Extension Service

- 1 Payments to States [, Puerto Rico, Guam, and the Virgin Islands]: For
- 2 payments for cooperative agricultural extension work under the Smith-
- 3 Lever Act, as amended [by the Act of June 26, 1953, the Act of August
- 4 11, 1955, The Act of October 5, 1962] (7 U.S.C. 341-349), [and section
- 5 506 of the Act of June 23, 1972,] to be distributed under sections
- 6 3(b) and 3(c) of the Act, for retirement and employees' compensation
- 7 costs for extension agents, and for costs of penalty mail for cooperative
- 8 extension agents and State extension directors, [\$157,757,000]
- 9 \$159,964,000; payments for nutrition and family education program for
- 10 low-income areas under section 3(d) of the Act, [\$50,560,000] \$40,390,000;
- 11 payments for extension work by the colleges receiving the benefits of the
- 12 second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee Institute under
- 13 section 3(d) of the Act, [\$7,823,000] \$7,900,000; [payments for rural
- 14 development work under section 3(d) of the Act, \$1,000,000;] payments
- 15 for the pest management program under section 3(d) of the Act,
- 16 \$2,935,000; payments for the farm safety program under section 3(d) of
- 17 the Act, \$1,020,000; and payments for extension work under section 208
- 18 (c) of Public Law 93-471, \$910,000; [and \$1,500,000 for Rural Develop-
- 19 ment Education as authorized under the Rural Development Act of 1972
- 20 (U.S.C. 2661-2668);] in all, [\$223,505,000] \$213,119,000 Provided,
- 21 That funds hereby appropriated pursuant to section 3(c) of the Act,
- 22 as amended [of June 26, 1953, and section 506 of the Act of June 23,
- 23 1972], shall not be paid to any State [, Puerto Rico, Guam, or the
- 24 Virgin Islands] prior to availability of an equal sum from non-
- 25 Federal sources for expenditure during the current fiscal year.

- Federal administration and coordination: For administration of the
- 8 Smith-Lever Act, as amended [by the Act of June 26, 1953, the Act of
  - 9 August 11, 1955, the Act of October 5, 1962] (7 U.S.C. 341-349),
  - 10 [and section 506 of the Act of June 23, 1972,] and section 208(d) of
  - 11 Public Law 93-471, and to coordinate and provide program leadership
  - 12 for the extension work of the Department and the several States and
  - 13 insular possessions, [\$5,430,000] \$5,671,000.

The first and seventh changes delete unnecessary identification of trust territories in the language. Under section 10 of the Smith-Lever Act, the term "State" means the States of the Union, Puerto Rico, the Virgin Islands, and Guam.

The second, third, sixth, eighth, and ninth changes delete unnecessary citation of every amending legislation to the Smith-Lever Act.

The fourth and fifth changes delete funding provisions for rural development activities under section 3(d) of the Smith-Lever Act, and under Title V of the Rural Development Act of 1972. Legislation for the latter is scheduled to expire on June 30, 1976.

AGRICULTURAL MARKETING SERVICE

The estimates include the proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Marketing Services:

For expenses necessary to carry on services related to consumer protection, agricultural marketing and distribution, and regulatory programs, other than Packers and Stockyards Act, as authorized by law [, and for administration and coordination of payments to States]; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$45,000 for employment under 5 U.S.C. 3109; [\$47,055,000] \$57,087,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed \$7,500 or 7.5 per centum of the cost of the building, whichever is greater.]

The first change proposes deletion of the language included in the Agriculture and Related Agencies Appropriation Act, 1976, providing for the administration and coordination of the separate appropriation account, "Payments to States and Possessions."

The Payments to States program has been in effect since 1948, and during that period of time, most State departments of agriculture have received increased appropriations from their States in response to their marketing service needs. As these State marketing appropriations have gradually built up over the years, the relative importance of Federal funds under this program has gradually diminished. Therefore, it is proposed to abolish the Federal portion of the program.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

[Payments to States and Possessions]

- 1 [For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,600,000.]

The first change proposes deletion of the language for this program included in the Agriculture and Related Agencies Appropriation Act, 1976.

The Payments to States program has been in effect since 1948, and during that period of time, most State departments of agriculture have received increased appropriations from their States in response to their marketing service needs. As these State marketing appropriations have gradually built up over the years, the relative importance of Federal funds under this program has gradually diminished. Therefore, it is proposed to abolish the Federal portion of the program.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Funds for Strengthening Markets, Income, and Supply (Section 32):

- 1 [Funds available under Section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in the Act; (3) not more than \$4,096,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961; and (4) in addition to other amounts provided in this Act, not more than \$750,000 for additional direct distribution or other programs, without regard to whether such area is under the food stamp program or a system of direct distribution, to provide, in the immediate vicinity of their place of permanent residence, either directly or through a State or local welfare agency, an adequate diet to needy children and low-income persons determined by the Secretary of Agriculture to be suffering, through no fault of their own, from general and continued hunger resulting from insufficient food.]

The first change deletes the appropriation language. For fiscal year 1977 there are no budgeted obligations under this appropriation. Available balances are to be transferred to the Department of Commerce and the Food and Nutrition Service. The Food and Nutrition Service will continue to give first priority in the use of Section 32 funds to purchase surplus commodities eligible for support. Requirements for commodity support for the domestic feeding programs are anticipated to exceed the need for surplus purchases.



AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); [Sugar Act of 1948, as amended (7 U.S.C. 1101-1161);] sections 7 to 15, 16(a), [16(b)], 16(d), 16(e), 16(f), 16(i), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590q); sections 1001 to 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1510); [subtitles B and C of the Soil Bank Act (7 U.S.C. 1831-1837, 1802-1814, and 1816);] the Water Bank Act (16 U.S.C. 1301-1311); and laws pertaining to the Commodity Credit Corporation, [\$151,181,000] \$157,891,000: Provided, That, in addition, not to exceed [\$72,571,000] \$74,958,000 may be transferred to and merged with this appropriation from the Commodity Credit Corporation fund (including not to exceed [\$32,453,000] \$33,492,000 under the limitation on Commodity Credit Corporation administrative expenses): Provided further, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this appropriation: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 7 U.S.C. 3109: Provided further, That no part of the funds appropriated or made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

The first change is to delete the authority to incur administrative expenses to operate the Sugar Act since it is no longer in effect.

The second change is to delete the authority to incur administrative expenses to operate the Great Plains Conservation Program since the Soil Conservation Service has the authority to operate the program.

The third change is to delete the authority to incur administrative expenses to operate the Soil Bank Act since all contracts under the program have expired.



AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed deletion of appropriation language as follows:

Cropland Adjustment Program

[For necessary expenses to carry into effect a cropland adjustment program as authorized by the Food and Agriculture Act of 1965 (7 U.S.C. 1838), \$42,000,000.]

This change proposes the deletion of the above language since the last of the cropland adjustment agreements will expire on December 31, 1976. Payments to producers will be made in fiscal year 1977 from funds appropriated for the Transition Quarter.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the appropriation Language of this item as follows: (new language is underscored; deleted matter is enclosed in brackets):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [\$190,000,000,] \$90,000,000, for compliance with the programs of soil-building and soil-and water-conserving practices authorized under this head in the [Acts making appropriations for] Agriculture [~~Environmental and Consumer Protection Programs, 1975~~] and Related Agencies Appropriation Act, 1976, entered into during the period July 1, [1974] 1975, to December 31, [1975] 1976, inclusive: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland Types 3(III), 4(IV), and 5(V) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: [Provided further, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the 1976 program of soil-building and soil-and water-conserving practices, including related wildlife conserving practices, and pollution abatement practices, under the Act of February 29, 1936, as amended (amounting to \$175,000,000, excluding administration, except that no participant in the Agricultural Conservation Program shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community):] Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out [approved 1970 farming practices to be selected by the county committees under programs provided for herein: Provided further, That no part of the funds in this Act may be used to obtain or require submission of information from participants in this program not required in carrying out the 1970 program] farming practices approved by the Secretary under programs provided for herein: Provided further, That not to exceed 5 percentum of the allocation for the [current year's] program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the [current year's] program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds

9 available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses [designated] designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels.

The first change decreases the appropriation request to \$90,000,000 for liquidation of the balance of the 1976 contract authority.

The second change deletes reference to previous Acts making appropriations.

The third change changes title of appropriation act.

The fourth change updates years involved for entering into agreements for which appropriation is requested to liquidate agreement obligations.

The fifth change deletes the request for new contract authority and the limitation on payments to producers.

The President is not requesting any new contract authority to operate this program in fiscal year 1977. Instead, new legislation will be proposed designed to replace overlapping and duplicative authorities currently in effect and will emphasize cost-sharing for long-term enduring conservation practices on a nationwide basis. The new legislative proposal will also include revisions in the payment limitations which have been applied to the Agricultural Conservation Program in previous years. This limitation was established in the fifties and at that time was realistic. However, due to inflation and a movement toward longer-term conservation practices, this limitation does not permit sound planning and reduces needed flexibility in determination of cost-shares to be approved each year.

The sixth change deletes language which unduly restricts the Secretary in the performance of his administrative responsibility under the authorizing legislation. This change would give the Secretary administrative flexibility needed to administer this program.

The seventh change deletes reference to a current year's program since no new contract authority is requested.

The eight change deletes reference to a current year's program since no new contract authority is requested.

The ninth change deletes the word "designated" and inserts the word "designed."

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed deletion of appropriation language of this item as follows (deleted matter enclosed in brackets):

Water Bank Program

[For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), \$10,000,000, to remain available until expended.]

This change proposes the deletion of the above language since no program is proposed for fiscal year 1977.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Forestry Incentives Program:

[For necessary expenses not otherwise provided for, to carry out the program of forestry incentives, as authorized in sections 1009 and 1010 of the Agricultural Act of 1970, as added by the Agricultural and Consumer Protection Act of 1973 (16 U.S.C. 1509-1510) including technical assistance and related expenses, \$15,000,000, to remain available until expended.]

This change proposes the deletion of the above language since funding of this program is not requested for FY 1977.



RURAL ELECTRIFICATION ADMINISTRATION

The 1977 Budget Estimates include the proposed changes in appropriation language explained below. Deleted matter is enclosed in brackets. New material is underscored.

Rural Electrification Administration

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), as follows:

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND  
LOAN AUTHORIZATIONS

1-2 Insured loans\*\*\*\*shall be made as follows: rural electrification loans,  
[not less than] \$750,000,000 [nor more than \$900,000,000], and rural  
3 telephone loans,][not less than] \$250,000,000, to remain available until  
expended: Provided, That loans made pursuant to section 306 of that Act  
4 are in addition to these amounts, but the additional amount of loans  
guaranteed in 1977 pursuant to section 306 shall not exceed \$1,506,000,000.

The first, second, and third changes eliminate the language which makes the authorization indefinite by providing for a specific amount.

The fourth change places a limitation on the amount of loan guarantee commitments for 1977.

FARMERS HOME ADMINISTRATION

The 1977 Budget Estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Rural Housing Insurance Fund

\*\*\*

For an additional amount to reimburse the rural housing insurance fund for losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of title V of the Housing Act of 1949, as amended (42 U.S.C. 1483, 1487e, and 1490a(c)), including /\$86,042,000/ \$42,788,000 as authorized by section 521(c) of the Act, /\$122,000,000 and such amounts as may be necessary to carry out a rental assistance program under section 521(a)(2) of the Housing Act of 1949, as amended \$175,429,000.

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975, that pertains to payments under the rural rental assistance program.

The rural rental housing program will work in tandem with the Department of Housing and Urban Development (HUD) Section 8 subsidy program. The FmHA will provide the financing to build the facilities and HUD will provide the funds for subsidizing each family's rent down to 25 per centum of their income.

Agricultural Credit Insurance Fund

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Loans may be insured, or made to be sold and insured, under this Fund in accordance with and subject to the provisions of 7 U.S.C. 1928-1929, as follows: real estate loans, /\$520,000,000/ \$370,000,000, including not less than /\$450,000,000/ \$350,000,000 for farm ownership loans; /and not less than \$54,000,000 for water development, use, and conservation loans;/ operating loans, \$625,000,000; and emergency loans in amounts necessary to meet the needs resulting from natural disasters.

This change would delete the language requiring that a minimum dollar amount of water development, use, and conservation loans be made during the year, since the specification of an arbitrary amount for certain lesser demand real estate loans such as these unduly restricts the flexibility of the fund.

Rural Development Grants

/For grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932), \$11,875,000./

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975.

This is consistent with the President's recommendations to Congress to hold down Government spending.

Adequate credit assistance to provide measures designed to facilitate development of private business enterprises is available at reasonable interest rates and terms through the business and industrial loan program.

Rural Water and Waste Disposal Grants

/For grants pursuant to section 306(a)(2) and 306 (a)(6) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), \$100,000,000 to remain available until expended, pursuant to section 306(d) of the above Act./

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975.

This is consistent with the President's recommendations to Congress to hold down Government spending.

Credit assistance to provide water and waste disposal systems is available at reasonable interest rates and terms through the water and waste disposal loan program. In addition, grant funds for this type program are available from other Federal agencies to assist in funding water and waste disposal projects in rural areas.

#### Rural Housing for Domestic Farm Labor

For financial assistance to public nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), \$7,500,000.

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975.

No funds are being requested for fiscal year 1977, since such needs can best be served by other programs.

#### Mutual and Self-Help Housing

For grants pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$9,000,000.

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975.

No program is planned for fiscal year 1977, since the grants plus the subsidy cost of the associated loans have resulted in high unit costs to the Government without corresponding benefits to those aided.

#### Salaries and Expenses

For necessary expenses of the Farmers Home Administration, \*\*\*, and such other programs for which Farmers Home Administration has the responsibility for administering, [\$155,102,000/ \$162,156,000, together with not more than \$3,000,000/ \$5,000,000 of the charges collected in connection with the insurance of loans as authorized by section 309(e) of the Consolidated Farm and Rural Development Act, as amended, and section/s 514(b)(3) and/ 517(i) of the Housing Act of 1949, as amended, or in connection with charges made on borrowers under section 502(a) of the Housing Act of 1949, as amended: Provided, \*\*\*

The first change would delete reference to section 514(b)(3) of the Housing Act of 1949. Funds are no longer available under this authority for transfer to the account, Salaries and Expenses.

The second change will allow transfer of funds to the account, Salaries and Expenses, collected under the authority contained in section 502(a) of Title V of the Housing Act of 1949, as amended. FmHA is implementing this authority by initiating an additional one-half percent interest charge to unsubsidized moderate income housing borrowers under sections 502 and 515 of the Act.

Rural Community Fire Protection Grants

[For grants pursuant to section 404 of the Rural Development Act of 1972, as amended (7 U.S.C. 2654), \$3,500,000 to fund up to 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments.]

This change would delete the language contained in the Agriculture and Related Agencies Appropriation Act, 1976, P.L. 94-122, approved October 21, 1975.

This is consistent with the President's recommendations to Congress to hold down Government spending.

Adequate credit assistance to provide fire fighting equipment under this program is available at reasonable interest rates and terms through the community facilities loan program of this Agency. In addition, the Forest Service makes surplus fire fighting equipment available to rural communities.

SOIL CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

1      \*\*\*Provided further, That this appropriation shall be available  
for field employment pursuant to the second sentence of section  
706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to  
exceed [\$5,000] \$50,000 shall be available for employment under  
5 U.S.C. 3109:\*\*\*

The first change in language would increase the cost limitation for  
employment of consultants. The present cost limitation has remained  
unchanged since 1951, while labor costs have increased substantially.  
The proposed change in limitation is necessary to make the authority  
to employ consultants useable.



SOIL CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations

- 1   \*\*\*[For emergency measures for runoff retardation \*\*\*\$26,557,000, to remain available until expended.]

The first change in language proposes deletion of the language included in the Department of Agriculture and Related Agencies Appropriation Act, 1976 authorizing additional funds for emergency measures. Since this was a non-recurring provision applicable to fiscal year 1976 only, retention of the language in 1977 is unnecessary.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language which add the following new appropriation account (new language underscored):

Institutional Nutrition Support:

For mandatory payments for Institutional Nutrition Support Programs, as authorized by sections 4, 6(a), 10, 11, 13, 14(a) and 17(b, e, and f) of the National School Lunch Act, as amended (42 U.S.C. 1751-1753, 1755-1762a, and 1766); section 4 of the Child Nutrition Act, as amended (42 U.S.C. 1773, 1775, 1777-1782, 1784 and 1785); section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c); section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and section 707(a)(4) of the Older Americans Act of 1965, as amended (42 U.S.C. 3045f); \$2,800,307,000, of which \$1,111,000,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935: Provided, That funds provided herein shall remain available until expended.

The proposed language regroups the following existing programs into the Institutional Nutrition Support Program: school lunch program, special assistance, school breakfast program, summer food program, child care program, commodity procurement, elderly feeding, and Section 32.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language which add the following new appropriation account (new language underscored).

Special Nutrition Supplements:

For necessary expenses to carry out the Special Nutrition Supplements Program as authorized by sections 7 and 17 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1776, 1786); section 19 of the National School Lunch Act, as amended (42 U.S.C. 1768); section 4 of the Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c note); section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c); and section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431); \$277,677,000: Provided, That funds provided herein shall remain available until expended.

The proposed language regroups the following existing programs into the Special Nutrition Supplements Program: food donations program, Section 32, Section 416, special supplemental food program (WIC), nonfood (equipment) assistance, State administrative expenses, and nutritional training and surveys.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language which add the following new appropriation account (new language underscored):

Food Program Administration

For necessary administrative expenses of the Food Programs under Title III of this Act, \$60,889,000 to remain available until expended: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109. (7 U.S.C. 612c; 7 U.S.C. 2011-2025; 42 U.S.C. 1768; 42 U.S.C. 1783; 42 U.S.C. 3045f.)

The proposed language would aggregate all of the Federal operating expenses of Food and Nutrition Service into a new appropriation account, Food Program Administration, to supersede the corresponding budget activities formerly included in the appropriation accounts for the Food Stamp Program, Child Nutrition Programs, Special Supplemental Food Program (WIC), Food Donations Program and Commodity Program Operating Expenses - Section 32 Allotment Account.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

- 1 For necessary expenses of the food stamp program pursuant to the Food Stamp Act of 1964, as amended, [for the period July 1, 1975, through January 31, 1976,] \$4,751,200,000: Provided, That funds provided herein shall remain available until expended in accordance
- 2 with section 16 of the Food Stamp Act of 1964, as amended: [Provided, further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109:] Provided further, That no part of the funds appropriated by this Act shall be used during the fiscal year ending [June 30, 1976] September 30, 1977, to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household: Provided further, That funds provided herein shall be expended in accordance with section 15(b) of the Food Stamp Act of 1964, as amended.

The first change eliminates the provision put in by the Congress for seven months funding.

The second change deletes the provision for the employment of consultants which has been transferred to Food Program Administration.



FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Special Milk Program:

- 1 [For necessary expenses to carry out the provisions of the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), for the period July 1, 1975, through January 31, 1976, \$84,000,000.]

This change deletes all language since no appropriation is proposed in fiscal year 1977.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the Language of this item as follows (deleted matter enclosed in brackets):

Child Nutrition Programs:

[For necessary expenses to carry out the provisions of the National School Lunch Act, as amended (42 U.S.C. 1751-1761); Public Law 91-248 and the applicable provisions other than section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773-1785); for the period July 1, 1975, through January 31, 1976, \$1,337,391,000, of which \$657,111,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That of the foregoing total amount there shall be available \$20,650,000 for the nonfood assistance program, and \$4,600,000 for the State administrative expenses: Provided further, That funds provided herein shall remain available until expended in accordance with section 3 of the National School Lunch Act, as amended: Provided further, That for the period July 1, 1975, through January 31, 1976, an additional \$80,000,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, as amended: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That the availability of this appropriation for the school breakfast program and the nonschool food program is contingent upon enactment of necessary legislative authority.]

The change in language is for the purpose of deleting the appropriation account for the child nutrition programs as these programs will be incorporated in the new appropriation accounts as follows:

<u>Old Program Structure</u>	<u>New Account Structure</u>
School lunch program	
Special assistance	
School breakfast program	Institutional Nutrition Support
Summer food program	
Child care program	
Commodity procurement	
Nonfood (equipment) assistance	
State administrative expenses	Special Nutrition Supplements
Nutritional training and surveys	
Operating expenses	Food Program Administration

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Special Supplemental Food Program (WIC)

[For necessary expenses to carry out the provisions of the Special Supplemental Food Program as authorized by section 17 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1786) for the period July 1, 1975 through January 31, 1976, \$106,000,000: Provided, That funds provided herein shall remain available until expended in accordance with section 3 of the National School Lunch Act, as amended: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That the availability of this appropriation is contingent upon enactment of necessary legislative authority.]

This proposed change deletes the language for the Special Supplemental Food Program (WIC). Activities formerly included in this account have been transferred to the Special Nutrition Supplements Program and Food Program Administration.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Food Donations Program:

[For necessary expenses to carry out the provisions of section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c (note)), \$17,839,000, of which \$12,000,000 shall be available for the Commodity Supplemental Food Program, and which shall be in addition to not less than \$20,000,000 in commodities to be made available by the Commodity Credit Corporation for direct distribution to institutions.]

This proposed change deletes the language for the Food Donations Program. Activities formerly included in this account have been transferred to the Special Nutrition Supplements Program and Food Program Administration.

## GENERAL PROVISIONS

Section 601: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1977 (new language underscored; deleted matter enclosed in brackets):

1       Sec. 601. Within the unit limit of cost fixed by law, appropriations  
2       and authorizations made for the Department of Agriculture for the fiscal  
3       year 1977 under this Act shall be available for the purchase, in  
addition to those specifically provided for, of not to exceed [nine  
hundred and eleven (911)] eight hundred and fifty four (854) passenger  
motor vehicles, of which [five hundred and seventy-seven (577)]  
six hundred and twenty one (621) shall be for replacement only, and  
for the hire of such vehicles.

The first change adds language making this portion of the General Provisions applicable only to fiscal year 1977.

The second and third changes increase the number of passenger motor vehicles to be acquired in fiscal year 1977. The estimates propose the acquisition of 854 passenger motor vehicles. Of this amount 621 would be acquired to replace existing vehicles and 233 would be purchased without exchange of passenger motor vehicles.

Of the 233 vehicles to be acquired without exchange, 225 are for the Soil Conservation Service, five are for the Animal and Plant Health Inspection Service, and three are for the Foreign Agricultural Service.

The 225 additional vehicles for the Soil Conservation Service, are to replace light trucks.

The 3 additional vehicles for the Foreign Agricultural Service consists of one passenger motor vehicle needed to replace a vehicle in the light truck class. The remaining two vehicles will be assigned to Agricultural Attaches, one in Rome, Italy and the other in Vienna, Austria.

All of the 621 passenger motor vehicles to be replaced will be at least six years old or will have mileage in excess of 60,000 miles at the time of disposal, with the exception of a limited number which may become damaged beyond economical repair as the result of accidents or operation over unimproved rural roads or other adverse conditions. More detailed explanation of the need for motor vehicle acquisitions appear in the justifications for the agencies involved.

Section 602: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

Section 603: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 604: Prohibits the Department from purchasing twine manufactured from commodities or materials produced outside the United States except to provide materials required in or incident to research or experimental work where no suitable domestic product is available.



Section 605: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

Section 606: Provides that no part of any appropriation in this Act shall be used to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marihuana or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

Section 607: Advances of money from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

Section 608: Provides that the appropriations in this Act shall not be available to pay the Administrator of the General Services Administration in excess of 90 percent of the standard level user charge for space and services. The following change is proposed in this section for 1977:

[Sec. 608. No part of any appropriation contained in this Act shall be available for paying to the Administrator of the General Services Administration in excess of 90 percent of the standard level user charge established pursuant to Section 210(j) of the Federal Property and Administrative Services Act of 1946, as amended, for space and services.]

This change deletes the language limiting the payment to the General Services Administration for space rental to 90 percent of the standard level user charge. The language was added by Congress in the 1976 Appropriation Act because it believed that the rental rates charged by GSA were excessive. Since that time, GSA has revised and restructured its rental rates and we feel that the 90 percent limitation is no longer necessary.

Section [609] 608: Provides that none of the funds provided by this Act shall be used to pay the salaries of any personnel which carries out the provisions of Section 610 of the Agricultural Act of 1970, except for research in an amount not to exceed \$3,000,000; projects to be approved by the Secretary or provided by law: Provided, That none of these funds shall be available to Cotton Incorporated or any other contractual agency which pays remuneration or compensation from any source, including funds received under the provisions of 7 U.S.C. 2106, to any officer or employee in excess of the annual compensation received by the Secretary of Agriculture, or expenses beyond those included in the budget approved by the Secretary of Agriculture.

This change reflects the renumbering of this section due to the deletion of Section 608.

Section 610: Provides that obligations chargeable against the Working Capital Funds during fiscal year 1976 shall not exceed the amount obligated during fiscal year 1974. The following change is proposed for this Section for 1977:

[Sec. 610. Obligations chargeable against the Working Capital Fund during the period July 1, 1975, through June 30, 1976, shall not exceed \$37,452,000, the same as fiscal year 1974, and for the period July 1, 1976, through September 30, 1976, shall not exceed \$9,363,000.]

This change deletes the language that limits obligations chargeable against the Working Capital Fund.

Section [611] 609: This section provides that certain funds remain available until expended. The following changes are proposed for this section for 1977. (New language underscored; deleted matter enclosed in brackets):

- 1 Sec. [611] 609. New obligational authority provided for the following
- 2 appropriation items in this Act [including funds for the transition
- 3 period where provided] shall remain available until expended: Scientific
- 4 Activities Overseas (Special Foreign Currency Program); Dairy and
- 5 Beekeeper Indemnity programs, Public Law 480; [Rural Housing for Domestic
- Farm Labor; Mutual and Self-Help Housing;] Watershed and Flood Prevention
- Operations; Resource Conservation and Development; Emergency Conservation
- Measures; Buildings and Facilities, Food and Drug Administration. The
- appropriation in this Act to liquidate contract authorizations for the
- Agricultural Conservation Program shall also remain available until
- expended. The appropriation in this Act to reimburse the Rural
- Development Insurance Fund for losses sustained in prior years shall
- also remain available until expended.

The first change reflects the renumbering of this section due to the deletion of Sections 608 and 610.

The second change deletes language referring to the transition period.

The third change provides for the Dairy and Beekeeper Indemnity programs funds to remain available until expended, as they were in past years. This will allow the program to be consistent with other ASCS programs that are similar in nature.

The fourth change deletes language providing for funds to remain available until expended for the Rural Housing for Domestic Farm Labor and Mutual and Self-Help Housing programs. The Budget does not provide funding for these accounts in fiscal year 1977.

The fifth change provides that the appropriations to reimburse the Rural Development Insurance Fund for losses sustained in prior years remain available until expended. This action will allow the program to be consistent with the Rural Housing Insurance Fund which is similar in nature.

Section [612] 610. Provides that no part of any appropriation contained in this act shall remain available beyond the current fiscal year, unless expressly provided for herein or by P.L. 93-554. The following change is proposed in this section for 1977. (New language underscored; deleted matter enclosed in brackets);

- 1 Sec. [612] 610. No part of any appropriation contained in this Act
- shall remain available for obligation beyond the current fiscal year
- 2 unless expressly so provided herein[, except as provided in section
- 204 of the Supplemental Appropriation Act, 1975 (Public Law 93-554)].

The first change reflects the renumbering of this section due to the deletion of Sections 608 and 610.

The second change deletes language which extended the availability of 1976 funds through the transition quarter.

Section 611: Provides language authorizing the Secretary to transfer unexpended balances of prior year appropriations to accounts corresponding to current appropriations. The following change is proposed in this section for 1977. (New language underscored; deleted matter enclosed in brackets).

Sec. 611. The Secretary of Agriculture is authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided in Title III of this Act: Provided, That such transferred balances shall be available only for the same purposes, and for the same periods of time, for which they were originally appropriated. (Agriculture and Related Agencies Appropriation Act, 1976).

This change adds language which allows the Secretary to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations. This is necessary to restructure the accounts for the Food and Nutrition Service.

General Provisions: This section from the Supplemental Appropriations Act, 1976, provided language amending Section 610 which limited obligations chargeable against the Working Capital Fund. The following change is proposed in this Section for 1977.

[GENERAL PROVISIONS]

[Section 610 under this head in the Agriculture and Related Agencies Appropriations Act, 1976, Public Law 94-122, is amended by striking "\$37,452,000" and substituting in lieu thereof "\$42,400,000" and by striking "\$9,363,000" and substituting in lieu thereof "\$10,650,000".] (Supplemental Appropriations Act, 1976.)

This change deletes the language amending Section 610 which placed a limit on obligations chargeable against the Working Capital Fund.







